Second 100 boost ad spending 10.6%

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By R. CRAIG ENDICOTT

The Second 100 leading national advertisers, responding to a sluggish economy in 1985 that continues into the current year, leveled off expenditures for national advertising to $5.35 billion, an increase of 10.6% over the previous year.

The Second 100, which spent $4.84 billion in 1984, up an estimated 26% from 1983 levels trimmed their ad budgets to soften the impact of reduced earnings as they underwent "corporate restructuring"—corporatese for shoring up, by virtually any means, the bottom line. ADVERTISING AGE's second annual report on the Second 100 Leading National Advertisers depicts the extent of restructuring during 1985.

Generally a term applied to the realignment of business segments into more cohesive units, "restructuring" became the buzz word for staff layoffs, plant closings, divestiture of poorly performing units or divestiture to raise debt and buy corporate stock in order to become less attractive to unfriendly suitors.

Despite the reduced spending—which is also a factor of better media buys and reduced rates—the nation's Second 100 still accounted for about 11.2% of all advertising spending measured in 11 national media, up from 10.5% in 1984.

This compendium of the Second 100 is undertaken annually because the spending power of the nation's corporate advertisers is dominated by the top 200. AD AGE, which published its 100 Leading National Advertisers report on Sept. 4, reported the top 200 accounted for 87% of total network tv spending, 72% of network radio, 60.6% of newspaper supplements, 57.4% of magazines, 57.1% of spot tv spending, 52.8% of spot radio, among 11 monitored media.

A residual benefit to advertisers of the down economy in 1986 is reduced prime-time rates in network tv spots. Both CBS and ABC have cut their rates, the first time any network has made an up-front reduction. In the first six months of the year, total network tv ad revenue grew only 1.84% to $4.21 billion. A drop of 2.6% in network tv spending by the top 100 in fact led to a narrow 2.7% increase in advertising of $26.67 billion for the top 100 in 1985. Net tv spending for the Second 100 grew 4%. Magazines, the only other depressed major medium in the first half, 1986, had ad pages of 75,169, down 0.4%, on revenues of $2.51 million, up 4.8%, says Publisher's Information Bureau.

The impact of a recessionary economy on the Second 100 can be seen in the aggregate: Worldwide sales of the companies in the group for which such a figure could be obtained were $850.8 billion in 1985, up 7.0%. Worldwide net income of $33.08 billion represented an increase of only 3.9% over the prior year. U.S. sales of the Second 100 rose 3.4%.

So mediocre a performance—including tighter ad spending—is likely to reoccur this year. Third quarter results showed a 2.4% annual rate of increase in gross national product—far from the 3% annual gnp growth the government is said to need to hold down the deficit and unemployment. Washington has been predicting a 3.2% growth for all of 1986; however, the fourth quarter will have to grow 6% if that is to be met.

The third quarter gnp, though, was a dramatic rise from a weak 0.6% growth in the second quarter when consumers dipped into savings in response to incentives to purchase cars and other items. But this pulled in a heavy flow of imports, which continued to outpace exports, growing at a 20% clip in the third quarter compared with a 15.4% increase in exports. This is not such a negative factor to some among the Second 100, because 20 are based abroad.

"Restructuring" seemed to roll from the lips of corporate relations executives at many of the Second 100. Restructuring cut through the ranks from No. 101 Levi Strauss to No. 200 Doubleday & Co. Levi Strauss restructured by going private; and Doubleday no doubt would have restructured had it not sold out to West German publisher Bertelsmann A.G.

Trans World Airlines, No. 116, restructured by falling to buyout artist Carl C. Icahn, buying hub competitor Ozark Airlines, extracting wage concessions from pilots and machinists and replacing striking flight attendants with lower-paid help. Castle & Cooke, No. 131, went through major restructuring—it was bought out by Flexi-Van Corp., which thinned the corporate staff, sold some Honolulu real estate and relocated to Los Angeles from San Francisco.

Levi Strauss and Doubleday also are symbolic of the movement on the charts by the top 200 advertisers. Levi Strauss, ranked No. 67 in 1984 because of its sponsorship of the Olympic Games, reduced ad outlays in 1985 as it went private and cut back production to hold down costs. It was joined by No. 110 Kimberly-Clark and TWA as top 100 dropouts from 1984.

New entries often followed competitive and hot industries, such as telecommunications. Three of Ma Bell's offspring, No. 122 Ameritech, No. 106 Bell Atlantic Corp. and No. 152 U.S. West, entered the 1985 list for a reunion with No. 102 BellSouth Corp., No. 105 Nynex Corp., No. 108 Southwestern Bell Corp. and No. 134 Pacific Telesis Group.

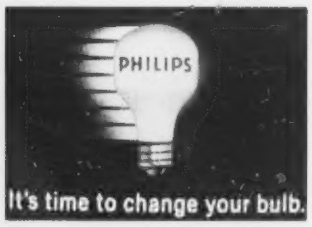
Other entries: Importers, No. 146 Minolta Co. and No. 194 Mitsubishi Corp.; media companies, No. 187 Hearst Corp., No. 197 Dow Jones & Co. and No. 200 Doubleday; retailers, No. 147 Carter Hawley Hale Stores and No. 120 Zale Corp.; airlines, No. 191 NWA Inc. and No. 178 People Express Airlines; and No. 167 Squibb Corp., and No. 171 Franklin Mint, No. 184 Merrill Lynch Co., No. 193 Armstrong World Industries, No. 196 Craftmatic/Contour Industries.

Twenty-two companies on the 1984 list did not reappear in 1985, and others like Doubleday will not be around for a 1986 ranking. Seven of the big spenders on the 1984 list entered the top 100 list. Their spending increased, but there also was more room at the top because of mergers consolidating the top 100. Four were bought out, including Republic Airlines, which was absorbed into NWA Inc. on the 1985 list. And the primary businesses of seven of the dropouts were either in computers or oil and gas, two extremely depressed industries.

A glimpse at the nonfood retail sector of the Second 100, one of the more conspicuous among the dominant groups profiled, presents trends that affect marketing as a whole: Retailers are thinning their business segments for various reasons: Dayton-Hudson Corp., No. 103, is selling the nation's No. 2 retail book chain, B. Dalton Bookseller, to concentrate on its large-scale discount (Target) and value-priced operations (Mervyn's), and building Target via the acquisition of 54 Gemco membership stores from Lucky Stores, No. 164, which also is selling its profitable specialty stores to fight off a takeover attempt by Asher B. Edelman.

No. 172 Household International, whose retail operations experienced

Levi Strauss' "501 Blues" commercials were not only innovative in presentation, much as other work in the past handled for the apparel retailer by Foote, Cone & Belding, San Francisco, but the ads influenced a sales growth of 50% for the 501 Jeans brand in 1985 over 1984 and pushed over-all sales of men's jeans at the now private San Francisco-based company to more than $1 billion.



Cat gets nipped by a vacuuming dowager in dim light, a lamp inside an isolated woodland cabin blinks off as terrified campers cower from what must be an abominable man-beast at the threshold. These are among tv vignettes prepared by DFS Dorland Worldwide for North America Philip's T-shaped bulb in its brand-transition from Westinghouse to Philips.

DOUBLE TAKE.
MasterCard
MasterCard Travelers Cheques

MasterCard

MasterCard dropped its "So Worldly. So Welcome." campaign in 1985 for a more down-to-earth "Master the Possibilities" theme to broaden its appeal. The "So Worldly" campaign, at left, was a mixture of glitz and galaxy with ethereal images divining the message that plastic cards and travelers cheques are "double take" items when traveling. "Master the Possibilities" theme is coordinated by a series of endorsements from gold-card users John Houston, Twyla Tharp and Andre Previn, the latter of whom calls the red and ochre card, the "instrument of credit that speaks a universal language." Angela Lansbury and Robert Duvall take the message via network tv. William Esty Co. handles.

National Distillers is bailing out of the business on which it was founded—distilled spirits—which include one of the industry's leading liqueur brands, DeKuypers. The line, with offerings of Peachtree, Apple Barrel, Mountain Strawberry, Peppermint, Old Tavern Rootbeer and the newly introduced Original Harvest Pear, grew from the 21st best-selling distilled spirits brand in 1984 to No. 9 in 1985 as Americans turned to lighter and sweeter tasting drinks that still carry a bite. Peachtree schnapps held the distinction in 1985 as the fastest growing new liquor product with 2.3 million case depletions.

DeKuyper
Original
PEACHTREE
SCHNAPPS

NEW
Softique
AND
THE RUNNY NOSE

Kleenex
Softique

Softique
Softness that's right on the nose.

Proboscis personality Runny Nose finds solace using Kimberly-Clark's Kleenex Softique tissues. Runny Nose proved such a talent that K-C trademarked the theme: "For softness that's right on the nose" and backed Runny Nose with a 54% increase in measured spending. Foote, Cone & Belding, Chicago, handles.

Bob Penn/20th Century Fox Film

Sigourney Weaver prepares to meet the enemy by donning a Power Loader, specially designed high-tech equipment she uses in 20th Century-Fox's high-tension thriller, "Aliens," which grossed more than $100 million dollars in box-office receipts through mid-October, 1986. The company is now part of a restructured Fox Inc., a multi-faceted media company owned by Rupert Murdoch and Marvin Davis.

declines in income and net sales in 1985, sold the business to concentrate on consumer finance, manufacturing and travel. Its biggest unit, TG&Y, went to No. 118 Rapid-American Corp., which sees TG&Y and its McCrory unit as a tight fit.

Carter Hawley Hale Stores, No. 147, is selling off units to raise cash to buy back stock and thwart suitor Limited Inc. Federated Department Stores, No. 111, merged its Lazarus with Shillito Rike's stores and its Gold Circle with Richway units to gain economies of scale, the savings of which will be funneled into store remodeling. The combined May Department Stores, No. 141, and Associated Dry Goods, purchased by May in mid-1986, are expected to achieve economies of $60 million a year as a merged unit.

The product tampering that afflicted top 100 spenders Johnson & Johnson (Tylenol) and Bristol-Myers (Extra-Strength Excedrin), was visited upon No. 157 SmithKline Beckman Corp. (Contac, Teldrin and Dietac), which is still taking write-offs on its quarterly earnings for pulling the products and reintroducing Contac and Teldrin with $30 million in new advertising in mid-1986. Contac also came back in the form of caplets and see-through banded capsules. Druggists, resisting products marketed in capsule form, also influenced No. 183 Thompson Medical Co. to repack its flagship appetite suppressant, Dexatrim, from capsule to caplet.

Villa Banfi, USA, No. 198, saw shipments of its leading import wine, Riunite, drop 8.6% in case depletions in 1985 when it had to recall 1.2 million cases because minimal traces of toxic diethylene glycol were found in the wine, and early this year, sales got another shock when consumers were scared away from Italian wines in general because cheap table wines from Northern Italy and adjacent Austria (not Riunite) were found to be tainted with wood alcohol.

ESTEE LAUDER INTRODUCES
BOATING PARTY COLORS
TO CELEBRATE THE PLEASURES OF SPRING
ESTEE LAUDER

The 20-year-old beauty Willow Bay, looks very American with her very English suitors in a print ad demonstrating the Estee Lauder cosmetics colors. Willow, said by Estee to "convey the American sense of classic beauty," shares top billing with 14-year Estee veteran, Karen Graham, in cutout, who also remains a valuable commodity at Estee as it turns its eye to the care of mature complexions of baby boomers turned 40. Agency, AC&R Advertising, handles.

Research and development units at many of the second 100 companies are seeking "nicheability" among new products—high ideals considering many also are foregoing market testing for an immediate national splash. No. 123 Borden Inc., seeking new category creators much like its Cracker Jack, ReaLemon, Eagle Brand and Elmer's glue products, has developed Hi Calcium milk that delivers 100% of the daily calcium requirement in an 8-oz. serving, and Corn Spirals, a corkscrew-shaped crunchy corn chip made with a rotini pasta machine.

Health-conscious consumers influenced product development. ConAgra Inc., No. 112, launched a battery of products with 30% less salt. Sandoz launched a strawberry-flavored Ovaltine and added NutraSweet and powdered milk to the formula. Riunite introduced fruit-flavored, low-alcohol (6%), unwatered wine coolers; No. 107 G. Heileman Brewing Co. launched four no-alcohol products; and No. 165 Denny's Inc. is propelling its El Pollo Loco chicken fast food franchise into a national chain with advertising that carries the endorsement of the American Heart Assn. because its chicken is low-fat and not breaded or fried.

Merchandising schemes, part of an unmeasured advertising total for the second 100 of $2.31 billion, up 9.2% from the previous year, proliferated during the 1985-86 period. Squibb's Theragran heavily advertised vitamin tablets were placed in four million packages of Kayser-Roth's No-Nonsense panty hose; Kimberly-Clark promoted Huggies diapers by offering a free Polaroid with 36 proof-of-purchase seals; No. 179 Hallmark Cards launched an "A la mode" series of cards with ice cream designs and Baskin-Robbins coupons on the flipside; and A.B. Volvo, No. 166, offered in conjunction with Amoco Motor Club road assistance during its three-year unlimited mileage warranty.

Scott Paper Co., No. 149, seems a sure bet to build its market leadership in the paper towel department and win the hearts of new customers with its intro of Helping Hand, a line of medium-price paper products. Scott, in an introductory offer, is donating a nickel to national children's charities for every line item purchased.

No. 104 Kroger Co. offered to refund consumer's dissatisfied with meat purchases double what they paid for the meat, and BMW A.G., No. 163, was the first auto company to introduce a factory-backed, used-car warranty program—a measure sure to enhance the resale value of the BMW.

Image continues to be a big theme among leading advertisers, particularly those who face negative press and consumer resistance—A.H. Robins Co., No. 174 (Dalcon Shield), SmithKline (tampered Contac and Teldrin capsules), Villa Banfi (European wine tainting).

Avon Products, No. 151, launched an image-enhancing campaign to pull in the big bucks from professional women, but it proved too trendy for its real market ballast, the housewife. Avon scrapped the campaign and its domestic agency.

Few opportunities to turn a buck have gone unheeded, despite the seemingly odd fit. F.W. Woolworth Co., No. 125, plans to have 50 Burger Kings in its stores by the end of the decade. No. 150 Southland Corp. is testing Church's Fried Chicken, Rocky's Pizza and Hardee's units in its 7-Eleven stores.

Southland says market studies show its Big Gulps and other specialty food items are not suffering from the "competition."#

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Second 100 leading national advertisers

Rank	Company	Advertising
101	Levi Strauss & Co.	$70,637
102	BellSouth Corp.	70,600
103	Dayton-Hudson Corp.	70,500
104	Kroger Co.	70,157
105	Nynex Corp.	70,080
106	Bell Atlantic Corp.	70,067
107	G. Heileman Brewing Co.	70,064
108	Southwestern Bell Corp.	70,000
109	Polaroid Corp.	69,555
110	Kimberly-Clark Corp.	69,541
111	Federated Department Stores	69,395
112	ConAgra Inc.	68,962
113	North American Philips Corp.	68,620
114	American Stores Co.	68,168
115	Black & Decker Corp.	67,642
116	Trans World Airlines	66,900
117	Hewlett-Packard Co.	66,467
118	Rapid-American Corp.	66,432
119	Carter-Wallace	65,604
120	Zale Corp.	65,300
121	Pan American World Airways	65,199
122	Ameritech	64,991
123	Borden Inc.	64,961
124	Daimler-Benz A.G.	64,643
125	F.W. Woolworth Co.	64,543
126	Marriott Corp.	64,233
127	Imasco Ltd.	63,421
128	Jerrico Inc.	63,183
129	E&J Gallo Winery	62,826
130	Estee Lauder Inc.	62,741
131	Castle & Cooke	62,505
132	United Biscuits Holdings plc	62,427
133	Chesapeake Financial Corp.	62,271
134	Pacific Telesis Group	62,079
135	Whirlpool Corp.	$61,695
136	MCI Communications Corp.	61,363
137	Citicorp	61,337
138	Blue Cross & Blue Shield Assn.	60,607
139	Firestone Tire & Rubber Co.	60,512
140	Royal Dutch/Shell Group of Cos.	60,333
141	May Department Stores	59,352
142	Coleco Industries	58,347
143	Prudential Insurance Co.	57,891
144	Hattori-Seiko Co.	57,179
145	Alberto-Culver Co.	56,863
146	Minolta Co.	56,734
147	Carter Hawley Hale Stores	55,039
148	Sandoz Ltd.	54,782
149	Scott Paper Co.	54,626
150	Southland Corp.	53,929
151	Avon Products	53,402
152	US West	52,346
153	Cadbury Schweppes plc	52,072
154	Ciba-Geigy Ltd.	51,943
155	Sony Corp.	51,898
156	Helene Curtis Industries	51,832
157	SmithKline Beckman Corp.	51,718
158	Commodore International	51,615
159	Mennen Co.	50,851
160	MGM/UA Entertainment Co.	50,692
161	Federal Express Corp.	50,301
162	Wellcome Foundation	50,043
163	BMW A.G.	49,875
164	Lucky Stores	49,775
165	Denny's Inc.	49,617
166	AB Volvo	49,213
167	Squibb Corp.	48,870
168	Triangle Publications	48,730
169	Safeway Stores	$47,318
170	Chevron Corp.	46,472
171	Franklin Mint Corp.	46,450
172	Household International	45,762
173	Transworld Corp.	45,660
174	A.H. Robins Co.	45,332
175	Tambrands	44,004
176	20th Century-Fox Film Corp	43,539
177	National Distillers & Chemical	43,471
178	People Express Airlines	42,695
179	Hallmark Cards	41,901
180	Visa International	41,668
181	Hiram Walker Resources	41,225
182	Fuji Heavy Industries	41,004
183	Thompson Medical Co.	40,236
184	Merrill Lynch & Co.	40,113
185	MasterCard International	39,233
186	Jeffrey Martin Inc.	37,338
187	Hearst Corp.	36,494
188	Reynolds Metal Co.	36,258
189	DeBeers Consolidated Mines	35,597
190	State of Florida	35,147
191	NWA Inc.	34,543
192	Texas Air Corp.	34,126
193	Armstrong World Industries	33,749
194	Mitsubishi Corp.	33,597
195	Exxon Corp.	33,005
196	Craftmatic/Contour Industries	32,359
197	Dow Jones & Co.	32,051
198	Villa Banfi, U.S.A.	31,029
199	Block Drug Co.	31,013
200	Doubleday & Co.	29,936

NOTE: Dollars in thousands

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Advertisers fight economic woes

The Second 100 leading national advertisers spent $5.35 billion in total advertising in 1985, up 10.6% from 1984. That compares with $26.67 billion for the nation's 100 leading national advertisers as defined by ADVERTISING AGE, a year-to-year increase of only 2.7%. Of the Second 100 total, $3.04 billion was spent in 11 measured media, up 11.8% from 1984.

RANK
145

Alberto-Culver Co.

Melrose Park, Ill.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	369	327	12.8
Net income	2	5	(54.4)
U.S.	**1985**	**1984**	**% chg**
Sales	286	251	13.9
Operating profits	26	19	37.3
Advertising	57	58	(1.6)
Division sales	**1985**	**1984**	**% chg**
Personal prods.	207	184	12.5
Industr. prods.	84	82	2.4
Other	81	66	22.7

Alberto-Culver Co., which celebrated its 30th anniversary during fiscal 1985, is renewing its commitment to toiletries and household/grocery products segments. At least one underperforming, nonrelated operation was sold during fiscal 1985, while the company continued searching for acquisitions compatible with its basic businesses.

Still directed by founder and current chairman, president and ceo Leonard Lavin, Alberto-Culver derived 43% of its 1985 consolidated sales from health and beauty aids marketed under Alberto VO5 and other brand names. Sales of professional haircare products marketed through the company's institutional and industrial segment contributed 16% of consolidated sales, while the company's growing Sally Beauty Supply Co. chain of beauty supply products stores accounted for 21% of sales.

Alberto-Culver closed its fiscal year ended Sept. 30, 1985, with its highest ever fourth quarter sales and earnings that helped push yearly sales upward by 13% and earnings from continuing operations, up 25%. That pace picked up in 1986. In the nine months of its 1986 fiscal year, company sales grew 21% to $318.2 million and earnings from continuing operations grew 53% to $8.5 million.

From its inception, Alberto-Culver has taken steps to avoid relying on one product line only, leading to diversification from toiletries into industrial cleaning supplies in 1965 and to the acquisition of the Sally Beauty chain, in 1969.

Sally Beauty operates more than 350 wholesale beauty supply stores in 23 states, primarily in the South and Midwest. Beauty industry analysts say the chain is a leader in the beauty supply business, which sells supplies to cosmetologists and regular customers at deep discounts.

During 1985, Alberto-Culver added Victory Beauty Systems, a 38-store chain that operated under the Bee Discount and Beauty Care Discount Center names in Chicago, Cleveland, Detroit, Milwaukee and St. Louis, as well as the 16-store Payless Beauty Supply Chain.

While concentrating on beauty aids, Alberto-Culver finally divested its money-losing John A. Frye Co. boot maker subsidiary based in Marlborough, Mass. Stanley Kravetz, formerly exec vp and director of the competing Timberland Co., Portsmouth, N.H., bought Frye for an undisclosed price. Alberto-Culver's loss on the sale totaled $5.8 million. The division had sales of about $21 million, about 6% of Alberto-Culver's total sales.

Frye received measured ad support of only about $500,000, out of a companywide $75 million ad and promotional budget worldwide in 1985, up 19% from 1984. The company also spent an additional $4 million on market research.

In measured media, Alberto-Culver's 1985 spending dipped slightly to $21.8 million from $22.2 million the previous year. The company remained firmly committed to tv as its primary advertising medium. Alberto-Culver, a leader in pressing for the availability of 15-second tv spots, continued using the new format for extensive network and spot tv campaigns.

Those campaigns included several for men's toiletries, as Alberto-Culver continued its strong push to capture the leading share in this $130 million men's market. The company signed Indianapolis 500 winner Danny Sullivan as the spokesman for Alberto VO5 hair grooming mousse for men with ads themed, "Danny Sullivan drives his hair crazy but keeps it in place with Alberto VO5 mousse."

Chicago Bears defensive back Gary Fencik continued as the company's spokesman for Consort hair mousse for men, while NBC sports commentator Al McGuire is featured in Consort hair spray ads.

Alberto-Culver spent more than $15 million in ad support for its men's and women's mousse products, holding an estimated 10.3% share of the $200 million category. L'Oreal Free Hold mousse remained the category leader [illegible] an estimated 10.8% share, according to Salomon Brothers.

For women, Alberto-Culver introduced two new Alberto Mousse European styling foams, one for permed and color-treated hair and another for gray, white or silver-blond hair.

Other Alberto-Culver toiletries division products entering the highly competitive $3 billion haircare market include Alberto Styling Fix European sculpting spray and Alberto Hair Sculpture European fixing gel, both extensions to the Alberto Gelee European styling gel introduced in 1984.

These new styling aids provide "total control, especially for the hard-to-hold styles popular with trendy youths," a company spokesman says. Gels are considered to be a $16 million segment of the haircare category. Alberto-Culver incorporated the gels into its estimated $15 million "Ooooo Alberto" campaign, which features high-fashion models and a suave gentleman.

The company in April, 1986, introduced Alberto Natural Silk shampoo and conditioner, a premium line containing real silk. Both the shampoo and conditioner come in two formulas —normal and extra body—and are imported from Europe. The shampoo and conditioner line is believed to be the first of several premium-products the company is planning.

Alberto Natural Silk is being sold through drug and department stores only, a change from Alberto-Culver's drug, food and mass merchandise selling strategy. In the estimated $100 million prestige haircare segment, Alberto-Culver will butt heads with Procter & Gamble's Pantene and Bristol-Myers' Klorane shampoos and conditioners. Alberto-Culver's new line is supported with an estimated $1 million introductory print campaign themed, "We put silk in a bottle." The spending is comparable to the other competitors in the segment.

Also new during the 1986 fiscal year was the TCB Lite haircare line, with ads featuring Chicago Bears defensive tackle William "The Refrigerator" Perry and his wife, Sherry. TCB Lite is a line of five hair moisturizers and conditioners for black men and women, featuring light, nongreasy formulas. Ads appearing in black consumer publications in late 1986 announced the "Lite side of William Perry," with the athlete and his wife in formal attire in a three-page ad. Additional advertising for the regular TCB haircare line was themed, "In minutes, TCB solves the puzzle of your hair."

The household/grocery products division in 1985 lowered its measured media support for Mrs. Dash salt-free food products, including the year-old Mrs. Dash steak sauce and crispy coating mixes. Spending in measured media totaled $2.1 million, down 53% from introductory year spending of $4.5 million, according to Leading National Advertisers, which monitors seven media. However, Alberto-Culver introduced an extra-spicy version of Mrs. Dash in April, 1986, and a lemon-and-herb formula in August, 1986. Ad spending is expected to increase again.

Measured spending for the remaining household/grocery products division—including Static Guard antistatic cling spray, SugarTwin nonsugar sweetener, Baker's Joy antistick oil and flour spray for baking pans—remains essentially unchanged.

Alberto-Culver shifted its more than $20 million creative account to Grey Advertising, Chicago, from Bozell & Jacobs, Chicago, after the latter agency merged with Kenyon & Eckhardt. Agency sources attributed the split to an irresolvable conflict at Bozell & Jacobs, stemming from K&E's handling of the competing Faberge line. Lee King, vice-chairman of BJK&E and the main Alberto creative director, also moved to Grey as a vice-chairman and continues to direct Alberto's creative work.

Stern Walters/Earle Ludgin, Chicago, continues handling Alberto-Culver's $8 million household/grocery products account. Draper Daniels Media Service, Alberto-Culver's in-house media buying agency, handles all media buying and media planning for the company as well as for other clients.

Shareholders in April, 1986, approved antitakeover measures that will allow the company to sell more stock or make acquisitions without diluting the voting control of the family of Mr. Lavin.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,503	$2,493
Newspaper	232	26
Newsp. supps.	28	0
Bus. pubs.	41	0
Network tv	13,604	12,681
Spot tv	3,452	5,147
Spot radio	218	1,794
Network cable	783	38
Outdoor	2	44
Total measured	21,863	22,223
Unmeasured	35,000	35,576
Total	56,863	57,798

ALBERTO-CULVER CO.
2525 Armitage Ave.
Melrose Park, Ill. 60160
(312) 450-3000

Corporate Personnel

Malcolm R. Lloyd, group vp

Marketing Personnel

P. Douglas McAuley, vp-domestic toiletries
Leah Seidenfeld, mktg dir-domestic toiletries
David Trocker, group prod mgr-domestic toiletries
Russ Appleyard, dir mktg opertions-domestic toiletries
Thomas J. Guinan, vp-household/grocery prods
Robert London, mktg dir-household/grocery prods
Henry Witteman, vp-adv services

Advertising Agencies

Grey Advertising, Chicago—Alberto VO5 hot oil treatment, Alberto VO5 conditioning hair dressing, Alberto VO5 hair spray, Alberto European styling mousse and Gelee styling aids, Alberto VO5 shampoo, Alberto VO5 Hot Protein Pac conditioner, Consort hair spray, Consort men's mousse, Phillippe handbags—Steve Gross, mgmt super.

Stern Walters/Earle Ludgin, Chicago—FDS feminine deodorant spray, Baker's Joy baking spray, Static Guard antistatic spray, SugarTwin artificial sweetener—Scot Schiave, mgmt super.

RANK
114

American Stores Co.

Salt Lake City, Utah

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	13,890	12,119	14.6
Net income	154	186	(16.7)
U.S. advertising	68	57	18.6

American Stores Co., already the nation's third largest supermarket chain behind Safeway Stores and Kroger Co., by the end of 1986 intends to have opened 23 new stores for the year, including 14 combination food and drug stores. Capital spending for the expansion is expected to be about $280 million.

American boasts 1,621 stores in 40 states, including 123 combination Jewel Food Stores and Osco drugstores.

The company also is restructuring its units, declaring a shareholder rights distribution to ward off what chairman L.S. Skaggs says are potentially "abusive and unfair tactics" used to seize companies.

It is creating three units: Skaggs Cos. Inc. in the West, consisting of 400 stores in 14 states; Osco Drug, 659 stores in 30 states, and American Superstores Co., 562 stores in 13 eastern and midwestern states.

The company says all the units will operate on a more decentralized basis. Mr. Skaggs says the share purchase rights plan, sometimes called a "poison pill," is aimed not at preventing a takeover, but at ensuring it would be done in a fair and orderly manner in which shareholders' rights are protected. American Stores says the move is not in response to any specific suitor, and that it is unaware of any threatened takeovers.

If not a hostile takeover attempt, American has had its share of difficulties. Unionized workers at 191 Alpha Beta food stores in Southern California went on a 9½-week strike early in November, 1985, a strike estimated to have had an impact on earnings of 12 cents per common share.

And American still faces about 1,100 lawsuits stemming from a sal-

Guide to corporate boxtops

RANK
111

Associated Conglomerate Inc.

Moscow, Ida.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	706	632	11.7
Net income	76	(462)	(116.4)
U.S.	**1985**	**1984**	**% chg**
Sales	566	496	14.1
Operating profits	135	111	21.0
Advertising	45	47	(4.1)
Division sales	**1985**	**1984**	**% chg**
Traditional foods	370	362	2.2
Microwave foods	233	192	21.4
Chicken feed	337	336	0.3
Other	109	87	25.3

Associated Conglomerate Inc. is ranked 111th among the top 200 leading national advertisers picked by AD AGE and based on total U.S. advertising spending in 1985, which is reported in this box either under Worldwide or U.S. bold headings.

Associated Conglomerate Inc., a phantom company, is based in Moscow, Ida.

ACI reports on a calendar basis like most of the top 200. However, should a company report on a fiscal basis, the years heading the column would read, 1986 and 1985, if the fiscal year closing date occurs before this issue was published.

The advertising figure is a composite of ACI's media spending, both measured and unmeasured, contained in the tabular breakout at the end of the text in each profile. See "Where AD AGE got is data" on Page S-16 for an explanation of the tabular breakout.

Division sales are the business segments as defined by ACI and their sales for comparable years. However, should ACI have too many divisions to fit into the box, the editors combined those segments into "other." In this case, ACI segments for its specialty pet foods and farm animal feed—both proving minor contributions to its strong agricultural base—were merged into "other."

monella outbreak allegedly caused by tainted milk in its Jewel Food Stores. Jewel ceased production of dairy products at its Hillfarm Dairy in Melrose Park., Ill., in the wake of the incident. The company has taken an after-tax writeoff of $3.5 million to cover the costs of the outbreak and the closing of the dairy, which supplied products to Jewel.

Crain's Chicago Business, a sister publication of ADVERTISING AGE, estimated that 8% of Jewel's regular customers would no longer patronize the store in the wake of the outbreak, but American Stores now says retail sales at Jewel essentially have returned to normal.

American says strong management will be a keystone of its future and, to this end, this year named Tom King as president and chief operating officer. Mr. King began his career 38 years ago as a box buyer with Alpha Beta. He most recently had served as president of Acme Markets, the company's largest volume and most profitable subsidiary.

There is some speculation Mr. King is being groomed to succeed Mr. Skaggs as chairman and ceo. Mr. Skaggs controls 10.9% of American Stores' outstanding shares. Dennis K. Eck, with the company since 1969, was selected to replace Mr. King as president of Acme.

To support its operations, American reports spending $148.5 million in 1985 for advertising, an increase of 11.6% from 1984, although much of this was in local advertising. In 1985, $7.9 million of the measured advertising reported in Leading National Advertisers went to Alpha Beta Supermarkets, up 23%; $6.3 million went to Jewel, up 23.5%; Jewel's Osco Drug Stores received $3.4 millon, up 183%; Star Markets got $1.7 million, down 37%; Acme Food got $5.2 million, down 28%; and Sav-On received $1.7 million, down 32%.

ADVERTISING AGE's measured total in 11 monitored media for American Stores in 1985 was $33.2 million, of which $27.3 million was in spot tv, and another $5.6 million was spent on spot radio. The AD AGE measured total for 1985 was about 18.5% more than in 1984.

American Stores reports earnings down in the second quarter, ended Aug. 2, 1986, to $33 million, a drop of nearly 21% from the second-quarter earnings of $41.5 million in 1985. For the first half of fiscal 1986, American Stores had earnings of $65.3 million, down 5.2% from 1985's first half.

The company attributed the decline this year to weak economic conditions in core industries such as agriculture, energy, mining and timber in the Midwest, Southwest and Rocky Mountain regions. Also, Alpha Beta Co. in California, under severe price pressure for the past two years, increased advertising and promotional expenses while lowering retail prices on more than 6,000 items. The company expects the adverse economic conditions to continue for the rest of 1986.

Second-quarter sales are reported at $3.50 billion, up from $3.48 billion a year earlier. Sales through the first half of fiscal 1986 advanced slightly less than 1%, from $6.86 billion to $6.90 billion.

The company says it may divest certain assets. It will do this as it creates the nation's first national drug chain from three separate operations: Osco, Skaggs Drugs and Sav-on Drug. They would all be called Osco.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Network tv	$17	$43
Spot tv	27,254	26,487
Spot radio	5,586	1,172
Outdoor	311	274
Total measured	33,168	27,976
Unmeasured	35,000	29,521
Total	68,168	57,496

AMERICAN STORES CO.
P.O. Box 27447
Salt Lake City, Utah 84127
(801) 539-0112
ACME MARKETS
Philadelphia, Pa.
Marketing Personnel
Dennis K. Eck, president
Neill Crowley, sr vp-mktg
Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Union, N.J.—Brian Haumersen, vp-mgmt super; Ken Fehakens, sr vp-mktg; Ron Vrba, genl mgr; Paul Wry, acct exec.
ALPHA BETA CO.
La Habra, Cal.
Marketing Personnel
Donald Kohler, president
William Wade, sr vp-mktg
Terry Burnside, dir mktg-N.Cal.
Roger Wilhelm, vp-merch
Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Los Angeles—Dick Hamblin, president-Pacific div.
SKAGGS ALPHA BETA
Salt Lake City, Utah
Marketing Personnel
Larry Hodges, president
Warren Ivie, vp-adv
Afton Vanderlinden, dir adv-prods
Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Salt Lake City—Richard Hamblin, exec vp-dir.
JEWEL FOOD STORES
Melrose Park, Ill.
Marketing Personnel
Joseph Bugos, exec vp
William Bolton, vp-grocery & bakery merch
Robert Lutz, adv mgr
Robert A. Neslund, vp-mktg
Ronald W. Glass, vp-mktg, midwest stores
Advertising Agencies
Bozell, Jacobs, Kenyon & Eckhardt, Chicago—Jewel Food Stores, Osco Drugs—Mark Bean, vp-mgmt super; Kim Wessel, acct exec-Jewel.
OMAR, Chicago—Hispanic adv—Marta Miyares, president; Sergio Ruiz, acct super; Guadelope Corral, acct exec; Luis Mario Salces, vp-rsch dir; Paul Sierra, creative dir.
Proctor & Gardner, Chicago—black adv—Melody Bather-Gardner, vp-acct super; George Miller, mgmt super; Tony Moore, vp-media dir.
OSCO DRUG
Oakbrook, Ill.
Marketing Personnel
Richard E. George, president
Robert E. Braden, vp-adv
Haven Ready, vp-mktg
STAR MARKETS
Cambridge, Mass.
Marketing Personnel
Henry Nasella, president
William Paul, vp-sales & mktg
Judy Manning, adv mgr
Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Union, N.J.—Florence Rosemond, acct exec.

RANK **122**

Ameritech

Chicago

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	9,021	8,347	8.1
Net income	1,078	991	8.8
U.S. advertising	65	59	11.0

Division sales	**1985**	**1984**	**% chg**
Local service	4,395	4,261	3.1
Interstate	1,792	1,552	15.5
Intrastate	630	551	14.3
Toll	1,064	796	33.7
Directory/other	1,172	1,070	9.5

Ameritech, one of seven Bell holding companies created Jan. 1, 1984, by the breakup of New York-based American Telephone & Telegraph Co., is investing heavily in digital and fiber optics and in developing the computer software needed to transmit voice, video and data.

An important piece in the Ameritech strategy fell into place with the $215 million cash acquisition on Jan. 15, 1986, of Princeton, N.J.-based Applied Data Resources, says Fritz Ringling, analyst with The Garner Group, Stamford, Conn.

Applied Data is one of the nation's leading independent developers of software for mainframe and personal computers manufactured by IBM. Mr. Ringling says the acquisition is important, given that IBM has the lion's share of mainframe installations worldwide, and the capabilities Applied Data brings to the market for unregulated information services. "About 70% of new product development cost is software expense. It is crucial to have this capability," he says.

Data transmission service is just one example of this emerging field. The U.S. Telephone Assn. estimates that revenues from data transmission services alone will grow from a $110 billion industry in 1985 to $200 billion by 1990. That compares with average sales growth of about 3% for basic local phone service and 7% to 9% in long-distance service. By the close of 1986, Ameritech will have invested $5.5 billion in its telecommunications network, with nearly half that amount devoted to digital switching and fiber optic transmission systems, the basis for advanced communications services.

Ameritech's net income increases of 8.8% and 8.1% in revenue in 1985 outpaced growth in the first six months ending June 30, 1986. During the period net income was up 4.5% to $569.2 million on revenues of $4.6 billion, up 4%.

Ameritech's corporate advertising focused in on business users and the investment community in 1985. It also supported the ability to find solutions to large and small telecommunications problems by Ameritech's five Bell telephone companies in Illinois, Indiana, Michigan, Ohio and Wisconsin.

Corporate spending was at a lower level than in 1984 when Ameritech was building name awareness, says Dave Parker, corporate advertising manager. Ad spending for general promotion fell 44% in 1985 to $1.7 million, virtually all magazine. Ameritech's total measured spending for 11-media in 1985 was $28.9 million, up 11% over 1984 on the strength of $10.8 million in national newspaper spending.

Funds were shifted to Ameritech enterprises that are feeling the competition from other Baby Bells eyeing the lucrative unregulated markets in Ameritech's region, which includes about 25% of the headquarters operations of the nation's top 1,000 corporations. Measured media for Troy, Mich.-based Ameritech Publishing jumped from $258,000 in 1984 to $3.5 million in 1985, for example. The spending was mostly in spot tv with a small amount in magazine.

Don Pickard, Ameritech's director of advertising, says publishing has become much more competitive with the aggressive entrance of St. Louis-based Southwestern Bell's huge publishing arm into a number of Ameritech markets. Examples include Southwestern's recently announced plans to begin publishing yellow pages in the northern suburbs of Chicago.

Southwestern Bell also bought most of Metromedia's cellular telephone and paging franchises, including Metromedia's Cellular One franchise in Chicago. The $1.2 billion acquisition makes Southwestern Bell the nation's largest provider of cellular and paging services, compared with Ameritech's No. 7 ranking in cellular. Mr. Pickard expects competition to heat up in 1987. Measured spending for Ameritech Mobile Communications grew 30% in 1985 to $540,000, entirely for spot tv, according to LNA.

Measured 1985 spending for four of Ameritech's Bell subsidiaries fell, according to LNA, which monitors seven media (excluding newspapers—a big spending category for Ameritech), including a 5% drop to $3.4 million for Illinois Bell, mostly in spot tv. Michigan Bell's 1985 spending fell 4% to $1.6 million. Ohio Bell's measued spending fell 46% to $728,000, and Indiana Bell fell 32% in 1985 to $366,000. Wisconsin Bell's 1985 measured spending increased 40% to $1.5 million.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,198	$8,752
Newspaper	10,829	11,110
Newsp. supps.	0	66
Bus. pubs.	368	53
Network tv	0	1,543
Spot tv	11,000	4,592
Spot radio	3,259	0
Outdoor	337	6
Total measured	28,991	26,122
Unmeasured	36,000	32,437
Total	64,991	58,559

AMERITECH
30 S. Wacker Drive
Chicago, Ill. 60606
(312) 750-5000
Marketing Personnel
Allen J. Cizner, vp-mktg & prod planning
Leighton Gilman, vp-corp comm
Don Pickard, pr dir-adv & external affairs
Dave Parker, pr mgr-adv
Advertising Agency
J. Walter Thompson, Chicago—corp adv—John Furr, sr vp-dir acct mgmt; Charles Larson, vp-acct dir; Janice Kidwell, vp-acct super; Pam Berland, acct rep.
ILLINOIS BELL TELEPHONE CO.
Chicago
Marketing Personnel
Louis J. Rutigliano, vp-mktg
Ray Lewis, dir-adv
Advertising Agency
N W Ayer, Chicago—Sarah Flax, acct super; Linda Sommerville, Steve Majsak, acct execs.
INDIANA BELL TELEPHONE CO.
Marketing Personnel
Herbert D. Crane, vp-mktg
Jim Irwin, district mgr-adv
Advertising Agency
Handley & Miller, Indianapolis—Larry Landis, acct super; Steve Burger, acct exec.
MICHIGAN BELL TELEPHONE CO.
Marketing Personnel
Kenneth B. Lange, vp-mktg
Dennis White, div mgr-adv
Advertising Agency
Ross Roy, Detroit—Richard Simmons, sr vp-group mgr; George Petroff, vp-acct super; Jane West, Christine Armgard, acct execs.
Pheonix Group, Farmington Hills, Mich.—direct mail—Dave Pickering, creative dir; Debra Ober, acct exec.
OHIO BELL TELEPHONE CO.
Marketing Personnel
Hal E. D'Orazio, vp-mktg
Robert Reed, vp-pr & public affairs
Donald Grace, asst vp-internal comm & media
John Butler, div mgr-adv & planning
Advertising Agency
Lowe-Marschalk, Cleveland—Leslie Valdizzi, acct super; John Willse, mgmt service dir; Dorothy Noga, acct exec.
WISCONSIN BELL TELEPHONE CO.
Milwaukee, Wis.
Marketing Personnel
Glen Arnold, vp-mktg
Carla Butenhoff, district staff mgr-adv
Advertising Agency
Cramer Krasselt, Milwaukee—Bill Faude, sr acct exec; Karen Elsesser, Gerry Ginster, acct execs.
AMERITECH COMMUNICATIONS
Chicago
David Orr, president
Daniel W. Latham, vp-mktg
AMERITECH MOBILE COMMUNICATIONS
Chicago
Marketing Personnel
Phillip D. Knell, vp-mktg & sales
Jean Haley, mgr-adv
Advertising Agency
Ogilvy & Mather, Chicago—Curt Ippensen, sr vp-mgmt rep; Bob Gustafson, vp-acct super; Ann McConville, acct exec.
AMERITECH PUBLISHING
Troy, Mich
Marketing Personnel
Charles Drouillard, vp-mktg & sales
Dave Smith, district mgr-adv
Advertising Agency
Ross Roy, Detroit—James Quigley, sr vp-mgmt super; Susan Parent, acct super; Mike Oxman, Steve Janicak, acct execs.
AMERITECH SERVICES
Schaumburg, Ill.
Marketing Personnel
David G. Detert, vp-mktg
APPLIED DATA RESEARCH
Princeton, N.J.
Marketing Personnel
Donald A. Jordin, vp-mktg & sales
Advertising Agency
ERT&K Advertising, New York—David King, principal.

RANK **193**

Armstrong World Industries

Lancaster, Pa.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	1,679	1,569	7.0
Net income	101	92	9.3

U.S.	**1985**	**1984**	**% chg**
Sales	1,406	1,343	4.7
Operating profits	216	209	3.1
Advertising	34	26	29.0

Armstrong World Industries, marketer of flooring, building and industrial products, continued its 1985 pace of record sales and earnings into 1986 in response to a strong residential building and household goods market that overshadowed a slump in commercial construction activity.

Despite these all-time highs, retail sales of building materials, furniture and other home furnishings moved ahead at a much less vigorous pace in 1985 than during the previous two years when double-digit percentage increases were recorded.

In this tougher consumer climate, Armstrong introduced a number of promotional vehicles to enhance its lines and backed its products with $22.8 million recorded in the 11 media indexes in this report, up 28% from 1984. Unmeasured spending was divided among dealer co-op programs, merchandising displays and promotional spending. Sheet and tile floor coverings, which make up almost 51% of Armstrong's net sales, accounted for the largest single category in Armstrong's measured spending.

Measured spending on Armstrong floors in 1985 was $10.2 million, up 5% from 1984, according to figures compiled by Leading National Advertisers. Of this total, $9.3 million was spent on consumer magazines, primarily in the women's service and shelter categories.

Zeroing in on the home improvement market, the company accelerated its "Adventures in Space" campaign. The series of magazine ads proposes potential uses for Armstrong's flooring in household areas that traditionally had been covered by other types of floor coverings. The campaign was paired with a direct response vehicle, including a toll-free telephone number, which generated nearly 200,000 consumer inquiries. The campaign continues through 1986.

The bulk of the company's measured spending, $14.3 million, went to magazines, up 15.3% from 1984. An additional $4.2 million was spent in newspapers. Tv spending was limited to $3.4 million in spot buys.

In November, the company unveiled its Armstrong Idea House 1986, a full-size house targeted to the perceived needs and interests of people buying their second, third or fourth home. The house provided a showcase for innovative uses of the company's featured Armstrong and Thomasville products. Extensive media coverage in magazines, newspapers, radio and tv augmented paid advertising.

Spending increased for Thomasville Furniture, to $2.5 million, up 28% from 1984. Armstrong ceiling products, which account for nearly 25% of the company's sales, were supported with $924,400 in spending, up from $325,000 in 1984, according to LNA.

Measured spending for Armstrong's consumer carpet lines grew 116%, to $1.6 million. Evans-Black carpet lines were supported with $331,100, a big increase from only $3,500 in 1984.

The company also established a network of carpet contractors to position itself in the new construction segment of the commercial carpet market. It now has access to two-thirds of the commercial carpet market being serviced by manufacturers directly through contractors, according to Armstrong reports.

In 1985, the company wooed builders of new homes with the message, "It's easier to build a better home with Armstrong." The pitch was transmitted via trade advertising, direct mail programs and exhibits at industry trade shows.

Founded in 1860, Armstrong has been absent from the list of top advertisers for many years. Through the first half of the century, its heavy print and later network radio spending made the company one of the nation's leading advertisers. In the 1950s and through the 1960s, Armstrong was among the top tv advertisers.

With a 1970 decision to concentrate the company's spending in print media, primarily magazines, the company reduced its media spending, according to Donald G. Goldstrom, vp and director-advertising and marketing services at Armstrong. "Because of

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Before Elsie the cow

In 1851, Gail Borden started the world's first condensed milk plant at Torrington, Conn., and in 1857, at Burrville, Conn., he began what became Borden Inc. Officially, the company was established as a New Jersey corporation in 1899.

the nature of our products our advertising depends on the ability of the consumer to look and study their appearance and style," he says.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$14,269	$12,411
Newspaper	4,218	1,537
Newsp. supps.	695	216
Bus. pubs.	1,197	40
Spot tv	1,192	3,432
Spot radio	1,174	0
Outdoor	4	4
Total measured	22,749	17,640
Unmeasured	11,000	8,529
Total	33,749	26,169

ARMSTRONG WORLD INDUSTRIES
P.O. Box 3001
West Liberty St.
Lancaster, Pa. 17604
(717) 397-0611
Corporate Personnel

Joseph L. Jones, chmn-president

Marketing Personnel

Donald G. Goldstrom, vp, dir-adv & mktg services
Ralph V. Bray, asst dir
Fredric A. Stoner, asst dir
John M. Hughlett, genl mgr
J. Mitchell Scott, sr mgr
E. Wayne Schlegel, sr mgr
Dennis M. Drager, vp-genl mgr, sales & mktg, residential floors
Douglas A. Townsend, mktg mgr, residential floors
John C. Wylie, genl mgr-sales & mktg, ceilings
Thomas L. Burgum, mktg mgr, ceilings
Gerald L. Glenn, genl mgr-sales & mktg, carpeting
Ronald W. Weaver, mktg mgr, carpeting
Andrew F. Hanley, genl mgr-sales & mktg, architectural & building prods
David J. Feight, mktg mgr, architectural & building prods
Gregg Maberry, mktg mgr, architectural & building prods
Gary Cross, mktg mgr, architectural & building prods
James Mathews, mktg mgr, architectural & building prods
George A. McCormick, genl mgr-sales & mktg, industrial prods
Lawrence P. Chubet, mktg mgr, industrial prods
Walter H. Offerman, mktg mgr, industrial prods

THOMASVILLE FURNITURE INDUSTRIES
Thomasville, N.C.
Marketing Personnel

Larry R. Spangler, ad mgr
Thomas G. Tilley, mktg mgr
James E. Adams, mktg mgr

Advertising Agencies

BBDO, New York—residential floors, carpets & ceilings, Thomasville Furniture—Richard Bonnette, exec vp; Alex Carlin, vp-mgmt super; Jayne Evans, vp-acct super; Ed Maslow, vp-assoc dir, creative; John Osborn, vp-assoc dir, media.

HCM Inc., New York—architectural & building prods, industrial prods—J.E. Rosiello, vp-mgmt super; J.A. MacKenna, vp-dir, creative.

Avon Products

RANK **151**

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,470	2,605	(5.2)
Net income	(60)	182	(133.0)
U.S.	**1985**	**1984**	**% chg**
Sales	1,582	1,639	(3.5)
Operating profits	156	172	(9.7)
Advertising	53	40	33.9
Division sales	**1985**	**1984**	**% chg**
Cosmetics	1,610	1,832	(12.1)
Fashion, jewelry	394	351	12.3
Health care	260	159	63.5
Direct response	205	186	10.2

Avon Products Inc., which has been diversifying the past few years, is trying to rebuild its sluggish sales by focusing more on its core beauty and healthcare businesses. In the process, the company is out to change its image and marketing traditions while shifting its domestic ad business to N W Ayer.

The company reported a loss of $59.9 million for the year, but, completing a long-term divestiture program, sold Mallinckrodt (a medical products and chemicals business) for $675 million in cash to International Minerals & Chemical of Northbrook, Ill. The divestiture is part of Avon's strategy to concentrate on consumer products and expansion of its healthcare services.

Domestic sales performance declined 8% over the year, partly due to a drop in the number of domestic door-to-door representatives. However, in an attempt to turn this around, Avon in 1986 has trimmed its sales management ranks, improved on its training programs, and increased commissions bringing its existing number of representatives from 375,000 in 1985 to 400,000 (the sales force peaked at 440,000 in 1982).

By the end of the first six months of 1986, Avon's earnings had risen 20% to $54.6 million, on sales of $1.32 billion, up 18.4%.

The sales decline came as Avon was spending 34% more on measured advertising in 1985 than 1984. Support for periodicals of $6.5 million almost tripled the spending on magazines of $2.4 million in 1984. Network tv spending was up 25%.

Most of Avon's ad spending was commanded by cosmetics and fragrances, which accounted for 89% of the total ad budget.

New spending came in December, 1985, with the rollout of Imari fragrance, backed by a $3.6 million. The main campaign vehicle was network tv, with spots bearing the theme: "A fragrance to fire the imagination." Ogilvy & Mather handled.

Avon began a major overhaul of its image in 1985, continuing to focus on housewives but also "active and working women" between the ages of 22 and 40 as the target for cosmetic sales. At first, it focused on the latter, but found that shortsighted. A $25 million tv campaign via O&M, themed "Avon, the Art and Science of Beauty," was a bust and spurred an agency move to N W Ayer. Avon said the "classy" image of the campaign lost the company focus. O&M retain the company's international billings of $5 million, but N W Ayer now controls Avon's $27 million ad budget for 1986, which reportedly is up 25% over 1985.

N W Ayer created "Look How Good You Look Now" tv spots directed at Avon's middle-America marketing target and designed to communicate to customers what Avon sells and how to sell it. The campaign debuted last spring in multi-page magazine series. The company also streamlined its business interests in 1985. In June, Avon linked up with Liz Claiborne Inc. in a joint venture of Liz Claiborne cosmetics, marking Avon's first venture into retail stores.

Avon also formed the Parfums Phenix subsidiary in France to market the Deneuve fragrance named for actress Catherine Deneuve. The $165-an-ounce fragrance was first sold through direct response, but will be sold in high-end department stores beginning next spring. The 1985 ad budget for the Deneuve fragrance was estimated between $2 and $5 million. MCA, New York handles.

Although cosmetics are at the core of Avon's existence, the company also owns Foster Medical, a healthcare operation. Division sales increased 64% to $260.3 million in 1985, as Foster Medical acquired 56 new companies to be integrated into the medical equipment and supplies system.

In November, 1985, Avon announced it would acquire for $30 million Retirement Inns, a Los Angeles-based retirement home operator which operates 11 facilities for active senior citizens.

In January, 1986, Avon agreed to acquire Mediplex Group Inc., a nursing home operator, for about $220 million. Group services include nursing homes, alcohol/substance abuse treatment and retirement facilities.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$6,529	$2,368
Newspaper	45	10
Newsp. supps.	105	819
Network tv	18,680	14,491
Spot tv	38	369
Network radio	0	898
Spot radio	0	10
Outdoor	5	0
Total measured	25,402	18,965
Unmeasured	28,000	20,904
Total	53,402	39,869

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Marketing Personnel

Phil Crosland, group vp-mktg
Diane Perlmutter, vp-advertising
James J. Klein, vp-mktg, beauty and jewelry
Joyce Roche, vp-gifts
Mary Lou Quinlan, dir-adv
Kurt Sanger, group dir-skincare
Mike File, group dir-fragrance
Carol Murray, group dir-make-up
Madeline Accardi, group dir-jewelry

Advertising Agencies

N W Ayer, New York-corp image enhancement, special projects, network tv-Ken McCarren, mgmt super; Susan Lewen, acct super; Carol Dickey, acct exec.

Ogilvy & Mather, New York-intl accts-Sharon McGavin, mgmt super.

MCA, New York-Special project/Parfums Phenix, Deneuve line-Brendra Liistro, acct dir; Jim Jarboe, media planner; Janet Schechter, assoc media planner.

Bell Atlantic Corp.

RANK **106**

Philadelphia

($ in millions)

Worldwide	1985	1984	% chg
Sales	9,084	8,090	12.3
Net income	1,093	973	12.3
U.S. advertising	70	37	90.8
Division sales	**1985**	**1984**	**% chg**
Network services	8,657	8,044	7.6
Enterprises	424	46	821.7

Bell Atlantic, which jumped into markets for a variety of information and communications products and services, financial services and real estate, more recently took steps to shore up its position for regulated telephone products and services as competition stiffened with its former siblings and with other companies.

A key to Bell Atlantic's over-all marketing approach, according to the company, is the selection in mid-1986 of a corporate image theme—"We make technology work for you"—that carries through all advertising.

The theme is scheduled to be used through 1990.

Testing the new theme in 1985 resulted in a 123% increase, to $7 million, in measured media spending for corporate general promotion. The spending was divided 64% magazine and 36% spot tv.

Donald H. Van Lenten, vp corporate communications, says Bell Atlantic plans to boost spending for corporate general promotion to $18.6 million in 1986 and about $21 million in 1987.

The rising competition in regulated telephone services also caused Bell Atlantic to boost over-all measured ad spending for 11 media in 1985 to $30.1 million, up from $15.8 million in 1984.

Most of the increased spending was for products and services offered by Bell Atlantic's network of seven regulated telephone subsidiaries, which provide service to Delaware, New Jersey, Maryland, Pennsylvania, Virginia, West Virginia and Washington.

Network products and services received $7.4 million in seven measured media in 1985, up 178% from 1984. Spending for the category was divided 88% spot tv, 11% magazine and 1% out-of-home. Spending for network products and services is projected to rise to nearly $45 million by 1987, Mr. Van Lenten says.

Examples of the booming budgets for network products and services by Bell Atlantic units includes a 466% increase in 1985 spending for Bell of Pennsylvania, to $3.1 million, and a 108% increase for New Jersey Bell, to $712,000.

Analysts say the telephone subsidiaries are facing competition on several fronts. One threat is that large companies will bypass the phone company's network by constructing communications systems capable of originating and terminating calls, then linking with an interexchange carrier for long-distance service. In this way, a company could avoid paying access charges, which can account for as much as 20 cents of a long-distance minute costing 30 cents on consumer calls, says Gerald Mayfield, president-professional services division, DMW Group, Stamford, Conn.

Merrill Lynch & Co., for example, in the spring of 1985 linked its Manhattan headquarters directly with the long-distance unit of American Telephone & Telegraph, bypassing Nynex Co.'s New York Telephone unit. Similarly, many cable tv systems, shared tenant services and other noncarrier special access systems are capable of bypassing network services.

Network service companies also are encountering increased competition from sales of customer premise equipment, such as private branch exchange (PBX) systems, which perform similar functions as network Centrex service. Centrex is a communications system for large end-users based in a central switching facility. A disadvantage of Centrex systems is that they generally require more subscriber lines than PBX systems with comparable capacity.

Bell Atlantic spent a measured $426,000 on print advertising for Centrex services in 1985, compared with no measured spending in 1984.

Measured spending for Bell Atlantic's Yellow Pages operations also is rising as a result of increased competition, including from New York-based Reuben H. Donnelley & Co., which served as sales agent for Bell Atlantic's Yellow Pages operations in Pennsylvania and Delaware before resigning the account in July, 1986, to begin publishing its own directories.

Bell Atlantic also is competing heavily with St. Louis-based Southwestern Bell, which announced plans to publish Yellow Pages in 1987 for Manhattan, Baltimore and Washington. The Washington and Baltimore books will compete directly with those published by Bell Atlantic units. Through expansion and acquisition, Southwestern's publishing unit now publishes more than 1,000 directories. Bell Atlantic's measured spending in seven-media for Yellow Pages advertising was $4.6 million in 1985, up 36% from 1984. The spending was divided 98% spot tv, 2% out-of-home.

Analysts say Bell Atlantic financially is one of the strongest of the seven regional Bell operating companies. The company, which closed 1986 with a 12% gain in net income and a 12.2% growth in revenues, continues to show strength in 1986. Earnings for the first half of this year increased 11%, to $597.3 million, on revenues of $4.83 billion, up 9% over the comparable period in 1985.

Bell Atlantic consists of two operating groups: A network services group, including the seven regulated telephone subsidiaries, and an "enterprises" group, including nine companies that operate in mostly unregulated markets. The company has a long way to go before its enterprises group accounts for 10% of company revenues, the limit set on the breakup of AT&T as the amount a regional Bell company may gain from unregulated businesses.

During the first six months of 1986, Bell Atlantic gained revenues of $282 million from its enterprises unit, up 68% from the same period in 1984, compared with $4.55 billion from its network services unit, up 7%.

It is Bell Atlantic's aggressive build-up of the enterprises group that has attracted the most attention since divestiture.

In 2½ years, Bell Atlantic has spent $350 million to acquire five companies, and it finalized negotiations in September, 1986, to acquire $150 million in privately held real estate in the greater Philadelphia area. Also in September, Bell Atlantic purchased Greyhound Capitol Corp., the computer leasing unit of Greyhound Corp., with annual sales of more than $200 million and assets exceeding $600 million.

The largest acquisition was Sorbus Inc. in January, 1985, for about $182 million. Sorbus, formerly a division of New York-based Management Assistance Inc., is one of the nation's largest independent computer service and maintenance companies.

Bell Atlantic also acquired MAI Canada, which markets and services computer systems, and the Middle Market division of TriContinental Leasing Corp. in December, 1984, for undisclosed prices.

In June, 1985, Bell Atlantic acquired Dallas-based CompuShop in a stock trade valued at an estimated $21 million.

With 68 stores in mid-1986, CompuShop ranked fourth among nonfranchise computer retailers behind New York-based Nynex Business Centers with up to 105 outlets, Chicago-based Sears, Roebuck & Co. with 101 outlets, and San Jose, Cal.-based Businessland with 100 outlets, according to Dallas-based StoreBoard Inc.

In cellular telephone service, Bell Atlantic is the second largest service provider, serving a market with an adjusted 16.1 million population. Bell Atlantic spent a measured $795,000 for its mobile systems unit in 1985, up 3%, divided 93% spot tv and 7% out-of-home.

Leading the cellular market is Secaucus, N.J.-based Metromedia Inc., which serves a market with an adjusted population of 21.9 million. Metromedia, however, reached agreement in June, 1986, to sell its paging and cellular telephone operations to St. Louis-based Southwestern Bell for $1.2 billion, an acquisition that will vault Southwestern Bell into the lead in the national personal communications market with ownership interest in nine cellular systems and paging operations located in 19 metropolitan areas.

Southwestern Bell now ranks 11th among cellular companies, serving markets with an adjusted population of 7.2 million, according to studies by Arthur D. Little and Frost & Sullivan. Adjusted population is calculated by multiplying 1980 census totals for each service area by the company's per cent ownership of the service franchise.

Bell Atlantic's paging operation, A Beeper Co., Atlanta, acquired for an undisclosed price in December, 1985, was the subject of a landmark legal test that gives all regional Bell companies greater latitude to diversify into new lines of business outside their geographic regions.

The regional Bell companies still must seek waivers to enter lines of business not related to exchange access services, such as insurance. As a result of the ruling, analysts say the regionals could begin targeting each others' corporate clients or other large end-users, providing local access services connected to the services of interexchange carriers. This would facilitate bypassing the local telephone network to avoid costly access charges.

Bell Atlantic also reached a settlement with Washington-based MCI Communications Corp. on May 22, 1985, concerning two antitrust suits that MCI brought against AT&T and the former Bell system companies. Under terms of the settlement, Bell Atlantic paid MCI $30 million, entered an agreement for certain business relationships and agreed to modify procedures used in converting local exchanges to equal access connections.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,211	$582
Newspaper	4,370	6,402
Bus. pubs.	595	75
Spot tv	13,705	8,700
Spot radio	6,036	0
Outdoor	149	0
Total measured	30,067	15,760
Unmeasured	40,000	20,966
Total	70,067	36,726

BELL ATLANTIC CORP.
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Marketing Personnel

Donald H. Van Lenten, vp-corp comm
Donald B. Williams, asst vp-adv and pr
Robert S. Hoffsis, div staff mgr-adv support services
Frank L. McGinley, district staff mgr-yellow pages, corp adv, public services
Paul J. Truntich, district staff mgr-sales/informative adv
Roy E. Weitzell, district staff mgr-sales adv

Advertising Agencies

Ketchum Communications, Pittsburgh, Pa.—John Fitzgerald, president.

Ketchum Communications, Philadelphia—corp adv—D.A. Price, vp-mgmt super; Lucy Erdelac, Gina Hanft, acct supers; Catherine Possavino, Jane Tresnan, Laura Bell, acct execs.

Ketchum Advertising, Washington—Samuel Rand, sr vp-mgmt super; Phil Trigg, vp-mgmt super; Mike Hutter, Vicki Derfler, acct supers; Bob London, Amy Toole, Stuart Tilt, Mark Rogers, Amanda Brody, acct execs.

Lewis, Gilman & Kynett, Philadelphia—Yellow Pages-Bell Atlantic, C&P telephone cos., N.J. Bell, Bell of Penn., corp and informative adv—Michael Loprete, sr vp-group mgmt super; Thomas Tebbens, vp-mgmt super; Brian Goerke, Peter Gladstone, acct supers; Robert Hoeck, Maureen Duffin, Dale Clouser, Larry Garfield, acct execs; Robert Schaeffer, asst acct exec.

RANK

BellSouth Corp. 102

Atlanta

($ in millions)

Worldwide	1985	1984	% chg
Sales	10,664	9,631	10.7
Net income	1,418	1,257	12.8
U.S. advertising	71	59	19.9

Division sales	1985	1984	% chg
Local service	4,543	4,221	7.6
Access charge	3,289	2,909	13.1
Intrastate	1,392	1,367	1.8
Other	1,440	1,134	27.0

A regional growth spurt in the southeastern U.S. promises to make BellSouth Corp., Atlanta, a powerhouse in telecommunications. With $25 billion in assets, BellSouth already is the largest of the seven regional Bell holding companies created Jan. 1, 1984, by the breakup of New York-based American Telephone & Telegraph, and it is moving quickly to make the most of a good situation.

BellSouth had measured spending for Leading National Advertisers' seven media in 1985 of $21.9 million, up 31% over 1984. Adding a measured $7.1 million for spot radio and $6.8 million in newspaper spending brings BellSouth's total for 11-media to $36.2 million in 1985, up 20%.

Population and economic growth trends are bright for BellSouth's nine-state region, including Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. By the year 2000, the area will have an estimated population of 56 million, up 22% over 1985. Economists forecast more than one million new jobs in the area by 1987, and more than a quarter of the nation's new housing construction.

With such strong regional growth, BellSouth has little incentive to expand into less attractive regional markets, analysts say. Net income in 1985 was up 12.8% to $1.4 billion on revenues of $10.66 billion, up 10.7%. Net income for the first nine months of 1986 was $1.23 billion, up 14% over the same period in 1985, on revenues of $8.62 billion, up 8.7%.

Contributing to BellSouth's operating income in 1985 was a 7.6% increase in local service revenue from rate hikes and 493,000 new network access lines in service, and a 16.8% jump in interstate access revenue resulting from higher tariffs and increased usage.

BellSouth is composed of two main telephone subsidiaries, including Southern Bell, which provides service to the Atlantic coast states, and South Central Bell, which provides service to states bordering the gulf coast and the Mississippi River.

A third corporate entity, called BellSouth Enterprises, was created Jan. 1, 1986, to oversee all nonregulated subsidiaries, such as mobile communications, publishing, advanced technology, and international.

The Southern Bell unit had the lion's share of ad spending in 1985 with $8.7 million in LNA brand spending, up 94% and divided 76% spot tv and 24% magazine. South Central Bell was not far behind with $5.9 million in measured media, up 4%, divided 85% spot tv and 15% magazine. The two units also had combined measured magazine spending of $606,000 in 1985. Measured spending for the two units accounted for 70% of BellSouth's seven-media total. Corporate general promotion increased 13% in 1985 to $2.7 million, almost entirely in measured magazine.

Ad spending by BellSouth's publishing units was down slightly in 1985. Southern Bell's measured spot tv advertising for yellow pages fell 1% to $2.1 million in 1985, and South Central Bell's spot tv spending for yellow pages fell 7% to $1.7 million in 1985.

Analysts generally see one-third of earnings in 1986 and 1987 of the Bell companies coming from unregulated businesses, including such areas as cellular telephones, the sale of business communications equipment such as private branch exchanges and yellow pages. BellSouth is strong particularly in two of these areas: It purchased in February, 1986, L.M. Berry & Co., Dayton, O., giving its publishing unit the nation's second largest independent sales agent for yellow pages in the U.S. with 800 directories in 31 states. The company also is strong in selling voice, data and office systems products to the business customers locally, estimating the local nine-state market to be worth $3.3 billion by 1990.

BellSouth has invested $14 billion over the past five years in modernizing and expanding its network with fiber optics and digital switching systems. Electronic switching now covers 70% of the network, and 30% of all access lines are digitally controlled. Many of BellSouth's enhanced services and products rely on these technologies.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$6,321	$4,070
Newspaper	6,820	7,260
Bus. pubs.	290	651
Spot tv	15,453	12,699
Spot radio	7,143	5,507
Outdoor	224	53
Total measured	36,250	30,240
Unmeasured	34,350	28,655
Total	70,600	58,896

BELLSOUTH CORP.
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Marketing Personnel

John L. Clenenin, chmn-ceo
M.L. Campbell, vp-corp affairs
C. Richard Yarbrough, dir-pr
M.T. Brandt, adv dir
Melissa Johnson, adv mgr

Advertising Agency

Burton-Campbell, Atlanta—R.W. Scharbo, president, mgmt super; A.C. Burks, sr vp-acct group dir; Sal Kibler, vp-acct super.

SOUTHERN BELL

Marketing Personnel

Don Reichardt, asst vp-pr and public affairs.
D.B. Daves, vp-mktg
John Clark, operations mgr-adv

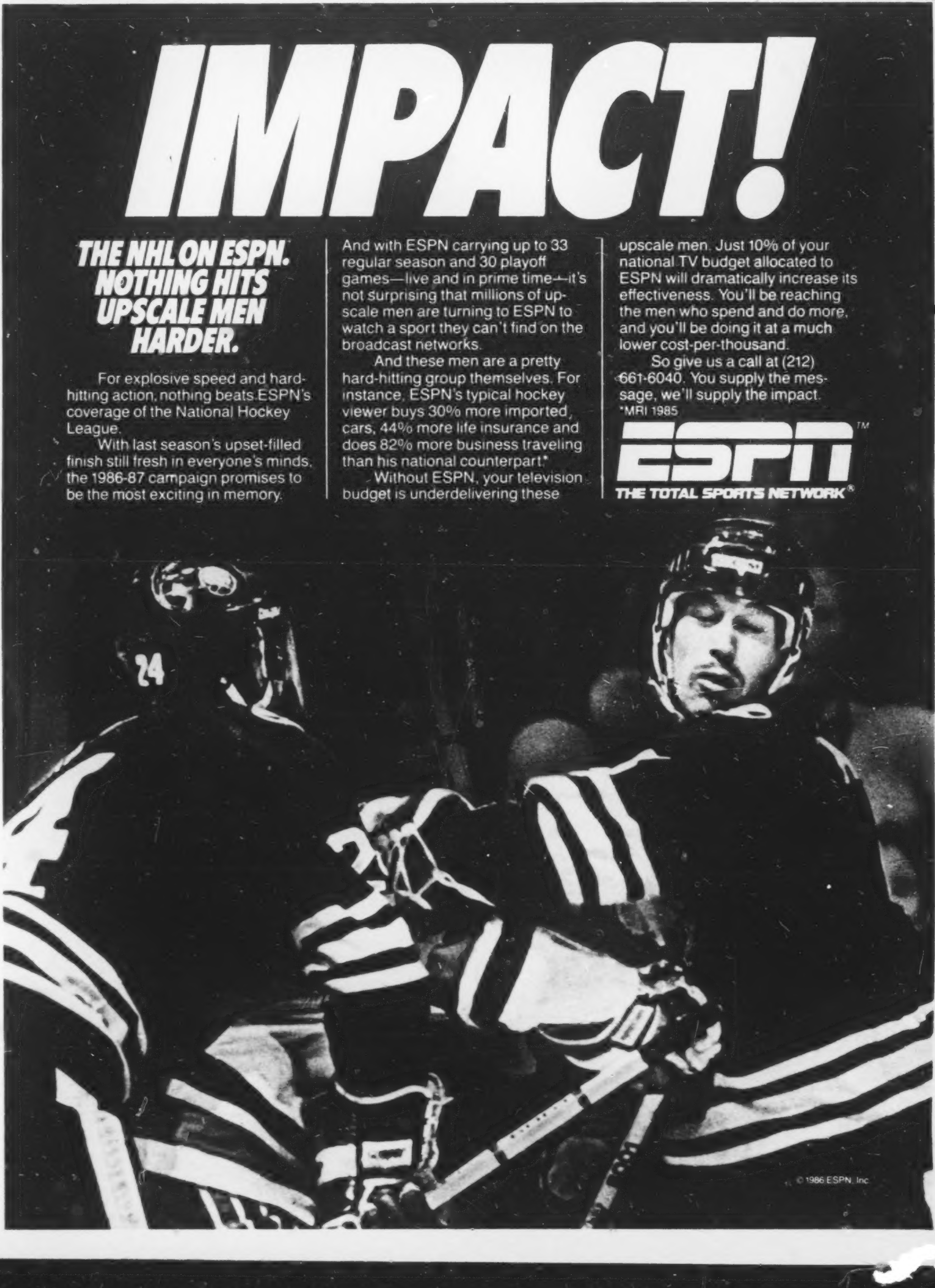
Advertising Agency

Tucker Wayne & Co., Atlanta—S.L. Smith, exec vp-mgmt super; R.K. McReynolds, sr vp-acct super; Karen Stevens, Elizabeth Shanklin, acct execs.

SOUTH CENTRAL BELL

Marketing Personnel

M.P. Greene, vp-mktg
J.E. Eberhart, adv mgr



IMPACT!

THE NHL ON ESPN. NOTHING HITS UPSCALE MEN HARDER.

For explosive speed and hard-hitting action, nothing beats ESPN's coverage of the National Hockey League.

With last season's upset-filled finish still fresh in everyone's minds, the 1986-87 campaign promises to be the most exciting in memory. And with ESPN carrying up to 33 regular season and 30 playoff games—live and in prime time—it's not surprising that millions of upscale men are turning to ESPN to watch a sport they can't find on the broadcast networks.

And these men are a pretty hard-hitting group themselves. For instance, ESPN's typical hockey viewer buys 30% more imported cars, 44% more life insurance and does 82% more business traveling than his national counterpart*

Without ESPN, your television budget is underdelivering these upscale men. Just 10% of your national TV budget allocated to ESPN will dramatically increase its effectiveness. You'll be reaching the men who spend and do more, and you'll be doing it at a much lower cost-per-thousand.

So give us a call at (212) 661-6040. You supply the message, we'll supply the impact.

*MRI 1985

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THE TOTAL SPORTS NETWORK®

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Media spending by second 100 leaders

Rank	Company	Headquarters	Total estimated spending	'85-'84 % change	Total unmeasured	Total LNA media	Total non-LNA media	Non-LNA measured media			
								Newspaper	Business pubs.	Spot radio	Farm pubs.
101	Levi Strauss & Co.	San Francisco	$70,637	(47.7)	$41,600	$26,275	$2,762	$39	$15	$2,708	$0
102	BellSouth Corp.	Atlanta	70,600	19.9	34,350	21,997	14,253	6,820	290	7,143	0
103	Dayton-Hudson Corp.	Minneapolis	70,500	3.9	31,259	36,262	2,979	0	0	2,979	0
104	Kroger Co.	Cincinnati	70,157	30.0	39,000	27,697	3,459	0	0	3,459	0
105	Nynex Corp.	New York	70,080	32.3	27,000	24,110	18,970	15,133	593	3,244	0
106	Bell Atlantic Corp.	Philadelphia	70,067	90.8	40,000	19,066	11,001	4,370	595	6,036	0
107	G. Heileman Brewing Co.	La Crosse, Wis.	70,064	(5.1)	47,000	16,965	6,099	401	0	5,698	0
108	Southwestern Bell Corp.	St. Louis	70,000	26.5	27,000	27,353	15,648	7,286	384	7,977	0
109	Polaroid Corp.	Cambridge, Mass.	69,555	(6.2)	40,000	26,899	2,656	538	1,635	483	0
110	Kimberly-Clark Corp.	Irving, Tex.	69,541	(17.2)	14,132	53,903	1,506	1,012	330	164	0
111	Federated Department Stores	Cincinnati	69,395	(1.2)	38,000	30,347	1,048	0	0	1,048	0
112	ConAgra Inc.	Omaha, Neb.	68,962	3.1	37,000	30,208	1,755	1,264	340	151	0
113	North American Philips Corp.	New York	68,620	9.2	35,000	29,975	3,646	647	2,259	740	0
114	American Stores Co.	Salt Lake City, Utah	68,168	18.6	35,000	27,582	5,586	0	0	5,586	0
115	Black & Decker Corp.	Towson, Md.	67,642	43.2	23,000	44,114	528	121	297	110	0
116	Trans World Airlines	New York	66,900	(2.0)	22,998	18,099	25,802	20,870	685	4,247	0
117	Hewlett-Packard Co.	Palo Alto, Cal.	66,467	4.7	43,000	13,573	9,894	452	9,179	263	0
118	Rapid-American Corp.	New York	66,432	12.2	32,000	29,331	5,101	4,183	0	918	0
119	Carter-Wallace	New York	65,604	0.6	41,000	24,276	328	0	19	309	0
120	Zale Corp.	Irving, Tex.	65,300	106.5	42,000	18,170	5,130	0	0	5,130	0
121	Pan American World Airways	New York	65,199	46.7	31,000	10,253	23,947	21,218	0	2,729	0
122	Ameritech	Chicago	64,991	11.0	36,000	14,535	14,456	10,829	368	3,259	0
123	Borden Inc.	New York	64,961	(28.2)	44,000	15,891	5,069	1,627	0	3,442	0
124	Daimler-Benz A.G.	Stuttgart, W. Germany	64,643	24.9	16,759	29,051	18,834	18,008	501	325	0
125	F.W. Woolworth Co.	New York	64,543	17.0	40,000	18,349	6,194	0	0	6,194	0
126	Marriott Corp.	Washington	64,233	(2.4)	41,000	20,281	2,952	0	99	2,853	0
127	Imasco Ltd.	Montreal	63,421	18.0	25,000	38,421	0	0	0	0	0
128	Jerrico Inc.	Lexington, Ky.	63,183	34.6	36,000	26,818	365	0	0	365	0
129	E&J Gallo Winery	Modesto, Cal.	62,826	27.7	20,000	42,371	455	396	0	59	0
130	Estee Lauder Inc.	New York	62,741	11.4	15,919	42,689	4,133	3,447	0	686	0
131	Castle & Cooke	Los Angeles	62,505	24.7	32,000	28,121	2,383	0	0	2,383	0
132	United Biscuits Holdings plc	London	62,427	(15.1)	36,000	26,427	0	0	0	0	0
133	Chesapeake Financial Corp.	Miami Beach, Fla.	62,272	27.1	33,000	25,422	3,850	2,811	0	1,038	0
134	Pacific Telesis Group	San Francisco	62,079	16.5	30,000	21,541	10,538	7,706	96	2,736	0
135	Whirlpool Corp.	Benton Harbor, Mich.	61,695	0.6	20,000	39,408	2,288	1,750	536	2	0
136	MCI Communications Corp.	Washington	61,363	3.7	20,000	33,213	8,150	7,782	271	97	0
137	Citicorp	New York	61,337	33.9	17,835	39,701	3,800	0	1,022	2,778	0
138	Blue Cross & Blue Shield Assn.	Chicago	60,607	49.1	30,000	20,084	10,523	4,792	169	5,562	0
139	Firestone Tire & Rubber Co.	Akron, O.	60,512	21.6	35,000	24,235	1,278	84	443	564	186
140	Royal Dutch/Shell Group of Cos.	The Hague	60,333	38.5	20,000	19,184	21,149	444	1,101	17,290	2,314
141	May Department Stores	St. Louis	59,352	45.2	28,000	25,555	5,796	5,609	0	187	0
142	Coleco Industries	West Hartford, Conn.	58,347	7.2	33,000	25,308	39	0	39	0	0
143	Prudential Insurance Co. of American	Newark, N.J.	57,891	62.4	15,000	41,062	1,829	1,081	164	584	0
144	Hattori-Seiko Co.	Tokyo	57,179	51.2	23,000	28,475	5,704	5,638	63	3	0
145	Alberto-Culver Co.	Melrose Park, Ill.	56,863	(1.6)	35,000	21,372	491	232	41	218	0
146	Minolta Co.	Ramsey, N.J.	56,734	69.1	30,000	25,397	1,337	335	1,002	0	0
147	Carter Hawley Hale Stores	Los Angeles	55,039	47.4	30,000	19,966	5,073	4,420	0	653	0
148	Sandoz Ltd.	Basel, Switzerland	54,782	19.9	25,000	26,515	3,267	0	868	1,133	1,266
149	Scott Paper Co.	Philadelphia	54,626	(4.4)	26,000	27,318	1,308	637	508	163	0
150	Southland Corp.	Dallas	53,929	31.6	18,000	15,701	20,229	48	255	19,926	0
151	Avon Products	New York	53,402	33.9	28,000	25,357	45	45	0	0	0
152	US West	Englewood, Colo.	52,346	53.2	25,000	16,170	11,175	5,722	48	5,406	0
153	Cadbury Schweppes plc	London	52,072	19.5	25,000	25,772	1,300	298	9	993	0
154	Ciba-Geigy Ltd.	Basel, Switzerland	51,943	22.6	27,000	15,138	9,805	135	1,242	1,388	7,040
155	Sony Corp.	Tokyo	51,898	(1.3)	25,000	20,578	6,320	3,691	2,189	440	0
156	Helene Curtis Industries	Chicago	51,832	(15.8)	23,800	28,019	13	0	0	13	0
157	SmithKline Beckman Corp.	Philadelphia	51,718	(16.2)	27,000	23,720	999	37	402	326	233
158	Commodore International	West Chester, Pa.	51,615	(27.9)	26,000	18,557	7,058	3,575	471	3,012	0
159	Mennen Co.	Morristown, N.J.	50,851	8.6	17,000	33,773	78	0	0	78	0
160	MGM/UA Entertainment Co.	Culver City, Cal.	50,692	(11.2)	24,000	24,568	2,124	1,801	104	219	0
161	Federal Express Corp.	Memphis	50,301	(14.5)	17,000	27,467	5,334	3,258	660	1,916	0
162	Wellcome Foundation	Research Triangle Pk, N.C.	50,043	40.5	27,000	23,043	0	0	0	0	0
163	BMW A.G.	Munich	49,875	40.2	12,000	27,208	10,668	7,594	183	2,891	0
164	Lucky Stores	Dublin, Cal.	49,775	7.2	25,000	20,201	4,574	0	0	4,574	0
165	Denny's Inc.	La Mirada, Cal.	49,617	13.6	23,000	25,550	1,068	0	0	1,068	0
166	AB Volvo	Goteborg, Sweden	49,213	50.5	15,000	20,344	13,869	8,970	931	3,969	0
167	Squibb Corp.	Princeton, N.J.	48,870	30.4	25,000	23,316	554	0	483	71	0
168	Triangle Publications	Radnor, Pa.	48,730	23.9	10,000	35,208	3,521	1,555	1,810	157	0
169	Safeway Stores	Oakland, Cal.	47,318	(9.0)	25,000	20,994	1,325	0	0	1,325	0
170	Chevron Corp.	San Francisco	46,472	7.2	15,000	16,071	15,402	2,489	1,431	9,688	1,794
171	Franklin Mint Corp.	Franklin Center, Pa.	46,450	6.5	10,000	29,435	7,015	6,960	55	0	0
172	Household International	Prospect Heights, Ill.	45,762	(4.3)	16,000	26,305	3,457	3,048	52	357	0
173	Transworld Corp.	New York	45,660	(6.6)	22,000	21,821	1,839	17	0	1,822	0
174	A.H. Robins Co.	Richmond, Va.	45,332	(4.1)	10,000	34,095	1,237	0	1,032	0	205
175	Tambrands	Lake Success, N.Y.	44,004	(5.8)	14,000	29,271	733	0	72	661	0
176	20th Century-Fox Film Corp.	Los Angeles	43,539	(29.6)	20,000	20,547	2,992	1,045	3	1,944	0
177	National Distillers & Chemical Corp.	New York	43,471	(8.5)	17,000	25,117	1,355	1,293	0	62	0
178	People Express Airlines	Newark, N.J.	42,695	343.4	3,000	8,140	31,555	29,212	0	2,343	0
179	Hallmark Cards	Kansas City, Mo.	41,901	(38.6)	17,000	24,142	759	558	196	5	0
180	Visa International	San Francisco	41,668	38.6	11,900	26,374	3,394	0	347	3,047	0
181	Hiram Walker Resources	Toronto	41,225	2.4	10,000	28,796	2,430	2,430	0	0	0
182	Fuji Heavy Industries	Tokyo	41,004	24.1	12,000	23,912	5,092	4,321	44	727	0
183	Thompson Medical Co.	New York	40,236	(15.9)	7,000	33,065	171	136	35	0	0
184	Merrill Lynch & Co.	New York	40,113	174.8	18,000	21,339	775	0	698	77	0
185	MasterCard International	New York	39,233	0.3	11,200	26,654	1,379	0	117	1,262	0
186	Jeffrey Martin Inc.	Union, N.J.	37,338	(7.6)	3,000	34,338	0	0	0	0	0
187	Hearst Corp.	New York	36,494	59.9	9,000	18,261	9,233	5,446	3,787	0	0
188	Reynolds Metal Co.	Richmond, Va.	36,258	(18.4)	15,000	19,374	1,885	197	258	1,430	0
189	DeBeers Consolidated Mines	London	35,597	24.9	6,000	29,597	0	0	0	0	0
190	State of Florida	Tallahassee	35,147	12.4	13,000	22,147	0	0	0	0	0
191	NWA Inc.	St. Paul, Minn.	34,543	147.8	9,000	4,743	20,800	16,851	71	3,878	0
192	Texas Air Corp.	Houston	34,126	(8.8)	11,000	1,461	21,665	15,075	0	6,590	0
193	Armstrong World Industries	Lancaster, Pa.	33,749	29.0	11,000	16,160	6,589	4,218	1,197	1,174	0
194	Mitsubishi Corp.	Tokyo	33,597	18.8	7,000	19,050	7,547	5,362	1,972	213	0
195	Exxon Corp.	New York	33,005	(16.4)	11,000	17,338	4,667	2,740	1,247	680	0
196	Craftmatic/Contour Industries	Trevose, Pa.	32,359	68.4	9,000	23,305	54	54	0	0	0
197	Dow Jones & Co.	New York	32,051	46.2	8,000	19,674	4,377	87	2,683	1,607	0
198	Villa Banfi, U.S.A.	Old Brookville, N.Y.	31,029	31.2	9,000	21,389	640	0	9	631	0
199	Block Drug Co.	Jersey City, N.J.	31,013	(25.6)	8,000	21,289	1,724	0	10	1,714	0
200	Doubleday & Co.	New York	29,936	(0.9)	7,000	18,566	4,369	4,342	11	17	0

NOTES: Dollars in thousands. Sources: Newspaper from Media Records, business publications from Rome Reports, spot radio from Radio Advertising Bureau and farm publications from Agricultural Marketing Information Services (AGRICOM). See Page S-12 for breakout of media monitored by Leading National Advertisers. For further explanation, see *Where Ad Age got its data*, Page S-16.

F.H. Wiedmar, adv mgr

Advertising Agency

Luckie & Forney, Birmingham—F.M. Lee, president-mgmt super; M.T. Murphy, vp-acct super; Laura Doumont, Chris Brown, acct execs.

BELLSOUTH ADVERTISING & PUBLISHING CORP.

Marketing Personnel

M.T. Brandt, adv dir
Wayne Collier, adv mgr

Advertising Agency

Luckie & Forney, Birmingham—western div—F.M. Lee, president-mgmt super; J.E. Mizzell, acct super.

BELLSOUTH ADVANCED SYSTEMS

Marketing Personnel

R.D. Odom, operations mgr-mktg
C.A. Wingo, adv mgr

Advertising Agency

Luckie & Forney, Birmingham—F.M. Lee, president-mgmt super; R.P. Grillo, acct super; Jacquie Britt, Joanne Bowman, acct execs.

BELLSOUTH MOBILITY

Marketing Personnel

J.A. Thorpe, vp-mktg
D.J. Magraw, adv mgr

Advertising Agencies

J. Walter Thompson USA, Atlanta—K.A. McCormick, vp-acct group mgr; Jan Freund, acct super.

Black & Decker Corp.

RANK **115**

Towson, Md.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	1,732	1,533	13.0
Net income	(158)	95	(266.0)
U.S.	**1985**	**1984**	**% chg**
Sales	1,102	925	19.2
Operating profits	40	84	(52.9)
Advertising	68	47	43.2
Division sales	**1985**	**1984**	**% chg**
Power tools	672	479	40.3
Accessories	169	151	11.9
Outdoor prods.	125	133	(6.0)
Home prods.	668	461	44.9
Service	98	93	5.4

Black & Decker Corp., laboring to make the brand transition from its huge General Electric housewares acquisition of 1984, has been restructuring in 1985 and 1986 to improve capacity utilization. The reason: the leveling off of power tool and housewares sales.

In fiscal 1986, ended Sept. 29, the business climate dampened any turnaround. For the nine-month period ended June 29, the company reported earnings of $25.4 million, down 31%, and sales of $1.35 billion, up 5.9% from the corresponding period in 1985. But none of this seems to have slowed the momentum of the world's biggest power-tool maker in its drive for marketing promotion, product rebranding or administrative streamlining.

B&D has been advertising vigorously. In 1985, B&D reported to the SEC ad expenditures of $171.8 million worldwide, up 45% from 1984. In the U.S., B&D spent $44.6 million in measured media, up from $31.2 million in 1984. Other outlays included $25 million in unmeasured costs for dealer co-op advertising/promotion. The U.S. claims 60% of sales, followed by 25% in Europe and 15% in the rest of the world.

When B&D, the biggest producer of power tools, moved into small household appliances, it bought the biggest producer of small appliances, the housewares division of General Electric.

The cost to B&D was $212 million for the business that produced about $470 million in 1983 sales. B&D has converted the GE products to B&D brands.

Also in 1985, B&D spent $50 million to buy two Rank Organisation plc appliance companies, Rank Electric Housewares Pty Ltd., Australia, and Rank Appliances, New Zealand. A boost to B&D was getting the 240-volt technology of Rank, necessary for any continued success in Europe where 240-volt service is standard.

B&D, which slugs it out with Sunbeam, Hamilton Beach, Proctor Silex, Toastmaster and Norelco among others in the $3.8 billion housewares business, has found its share slipping, particularly in electric irons, which represent about 25% of B&D's current housewares line. The company's share of that $275 million market reportedly has dropped from 45% to about 43%. The main beneficiary is Sunbeam which has boosted its share to 21%. Other players in the category include Wear-Ever/Proctor Silex 19%, Hamilton-Beach 7%, Norelco 6%, and West Bend 3%, according to Jim Stevens, editor, *Appliance Magazine.* B&D is doing better in cordless and undercabinet appliances, such as mixers, coffee makers and can openers.

The small appliance market, which has a narrow 10% annual turnover, is a hard one in which to stay afloat.

The GE/B&D brand transition along with corporate restructuring are the two main ongoing dynamics at B&D. Half the switchovers were made during 1985. The transition, scheduled over a three-year period, involves replacing the familiar GE script monogram with the newly designed B&D orange hexagon on more than 150 GE housewares products. The way the logo is applied in advertising depends on how the product is perceived. Some print ads show both the monogram and hexagon; some have the tag line, "Now by Black & Decker," and some still carry the GE script.

But the first order of business is for B&D to restore itself to the profit column. After a good first quarter in fiscal 1985, the company went on to suffer the 1985 profit loss of $158.4 million. The year-to-year swing includes a $205.3 million restructuring cost. A big bite came out of earnings to pay for a larger ad program, dealer inventories and rebates.

The company is shutting plants to reduce capacity around the world by about a third. Planned shutdowns announced to date include a housewares plant at Brockport, N.Y., to close at the end of 1986, and the Hampstead, Md., power tool plant, to close by mid-1987. The company says the restructuring will begin to improve earnings in fiscal 1987 and 1988.

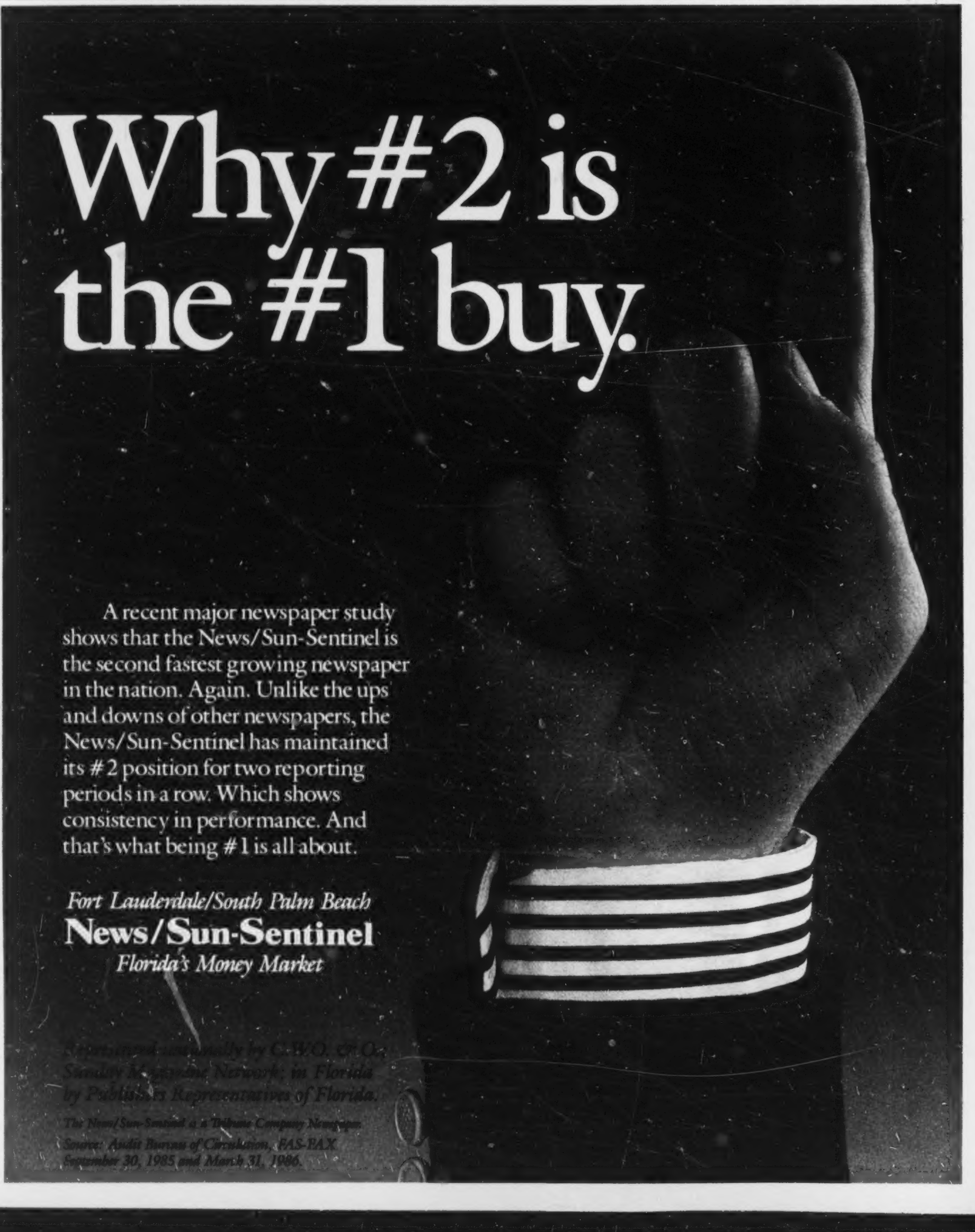
For further streamlining, B&D reduced its number of separately operating business segments from six to five in 1985, and it folded the five into two administrative groups this year—Household Products, consisting of the home appliance group (39% of sales in 1985), and Power Tools, consisting of power tools, accessories, outdoor products and service groups (61%). *(Ad Age reports six divisions in the box accompanying this profile to better reflect year-to-year growth. B&D reduced the number to five by merging professional tools with consumer tools.)*

Both groups in 1985 generated new products: From the Household Products came HandyMixer cordless beater, cordless mixer, cordless knife and two restaged GE appliance lines, the automatic shut-off iron and the Spacemaker line of undercabinet appliances. From Power Tools came a drill/driver combination electric drill and screwdriver and Piranha carbide tooth circular saw blades.

In January, 1986, B&D moved U.S. advertising for its Household Products group from BBDO, New York, to McCann-Erickson, New York. BBDO then resigned from B&D's U.S. Power Tool account, which currently is being handled by several agencies on a project basis. Selection of a new agency is under review. McCann had become the B&D agency overseas in 1985.

B&D says future marketing promotion will be more market driven, and while great marketing energy will continue on the B&D branding of housewares, there will be increased focus on the power tool group. In its 43% overall increase in spending for measured media during 1985, B&D put its major thrust behind network tv, up 69%, to $26.2 million in 1985, and spot tv, up 78%, to $8.8 million.

The company spent 66% more advertising on its small household appliances in 1985 than 1984, rising to


Why #2 is the #1 buy.

A recent major newspaper study shows that the News/Sun-Sentinel is the second fastest growing newspaper in the nation. Again. Unlike the ups and downs of other newspapers, the News/Sun-Sentinel has maintained its #2 position for two reporting periods in a row. Which shows consistency in performance. And that's what being #1 is all about.

Fort Lauderdale/South Palm Beach
News/Sun-Sentinel
Florida's Money Market

Represented nationally by C.W.O. & O., Sunday Magazine Network; in Florida by Publishers Representatives of Florida.

The News/Sun-Sentinel is a Tribune Company Newspaper.

Source: Audit Bureau of Circulation, FAS-FAX September 30, 1985 and March 31, 1986.

LNA-media spending by second 100 leaders

Rank	Company	Headquarters	Total estimated spending	Total LNA	LNA measured media: Magazine	Newsp. supplement	Network tv	Spot tv	Network radio	Outdoor	Network cable
101	Levi Strauss & Co.	San Francisco	$70,637	$26,275	$5,608	$123	$11,407	$3,900	$734	$68	$4,437
102	BellSouth Corp.	Atlanta	70,600	21,997	6,321	0	0	15,453	0	224	0
103	Dayton-Hudson Corp.	Minneapolis	70,500	36,262	2,640	0	0	33,228	0	394	0
104	Kroger Co.	Cincinnati	70,157	27,697	61	0	9	26,890	0	737	0
105	Nynex Corp.	New York	70,080	24,110	3,913	746	53	19,019	0	375	4
106	Bell Atlantic Corp.	Philadelphia	70,067	19,066	5,211	0	0	13,705	0	149	0
107	G. Heileman Brewing Co.	La Crosse, Wis.	70,064	16,965	12	0	6,966	8,949	0	1,003	36
108	Southwestern Bell Corp.	St. Louis	70,000	27,353	2,266	595	0	24,295	0	192	5
109	Polaroid Corp.	Cambridge, Mass.	69,555	26,899	3,565	0	20,049	2,727	160	14	383
110	Kimberly-Clark Corp.	Irving, Tex.	69,541	53,903	6,317	0	40,727	6,213	0	20	626
111	Federated Department Stores	Cincinnati	69,395	30,347	3,500	1,086	0	25,635	0	126	0
112	ConAgra Inc.	Omaha, Neb.	68,962	30,208	3,808	0	16,029	6,146	4,141	85	0
113	North American Philips Corp.	New York	68,620	29,975	8,251	323	13,781	5,311	570	60	1,680
114	American Stores Co.	Salt Lake City, Utah	68,168	27,582	0	0	17	27,254	0	311	0
115	Black & Decker Corp.	Towson, Md.	67,642	44,114	8,812	28	26,135	8,760	0	7	371
116	Trans World Airlines	New York	66,900	18,099	7,537	732	0	9,478	0	228	125
117	Hewlett-Packard Co.	Palo Alto, Cal.	66,467	13,573	8,936	97	4,389	92	0	10	51
118	Rapid-American Corp.	New York	66,432	29,331	11,262	235	3,678	8,848	158	4,528	622
119	Carter-Wallace	New York	65,604	24,276	3,078	23	18,075	2,451	0	0	649
120	Zale Corp.	Irving, Tex.	65,300	18,170	1,350	17	8,853	3,947	3,913	0	90
121	Pan American World Airways	New York	65,199	10,253	3,656	174	0	4,514	0	1,696	212
122	Ameritech	Chicago	64,991	14,535	3,198	0	0	11,000	0	337	0
123	Borden Inc.	New York	64,961	15,891	5,225	239	3,596	5,434	995	78	325
124	Daimler-Benz A.G.	Stuttgart, W. Germany	64,643	29,051	7,064	36	17,422	4,390	0	23	115
125	F.W. Woolworth Co.	New York	64,543	18,349	760	4,422	2,036	9,942	132	126	931
126	Marriott Corp.	Washington	64,233	20,281	1,925	448	3,574	11,794	0	2,466	75
127	Imasco Ltd.	Montreal	63,421	38,421	18	0	8,925	27,248	0	2,222	8
128	Jerrico Inc.	Lexington, Ky.	63,183	26,818	0	0	0	26,502	0	317	0
129	E&J Gallo Winery	Modesto, Cal.	62,826	42,371	4,386	235	33,571	4,114	0	66	0
130	Estee Lauder Inc.	New York	62,741	42,689	17,289	2,931	0	22,469	0	0	0
131	Castle & Cooke	Los Angeles	62,505	28,121	6,332	109	11,593	7,648	2,274	27	139
132	United Biscuits Holdings plc	London	62,427	26,427	3,389	0	19,822	3,216	0	0	0
133	Chesapeake Financial Corp.	Miami Beach, Fla.	62,271	25,422	528	0	7,364	16,910	0	512	108
134	Pacific Telesis Group	San Francisco	62,079	21,541	3,503	213	0	17,727	0	98	0
135	Whirlpool Corp.	Benton Harbor, Mich.	61,695	39,408	11,982	0	14,477	2,317	6,605	3,720	306
136	MCI Communications Corp.	Washington	61,363	33,213	2,194	0	0	31,019	0	0	0
137	Citicorp	New York	61,337	39,701	10,719	391	17,174	10,952	0	50	416
138	Blue Cross & Blue Shield Assn.	Chicago	60,607	20,084	1,809	0	4,530	12,185	1,265	296	0
139	Firestone Tire & Rubber Co.	Akron, O.	60,512	24,235	1,331	100	22,164	406	7	44	182
140	Royal Dutch/Shell Group of Cos.	The Hague	60,333	19,184	4,177	0	1,165	13,750	0	93	0
141	May Department Stores	St. Louis	59,352	25,555	165	0	3,513	21,851	0	26	0
142	Coleco Industries	West Hartford, Conn.	58,347	25,308	53	0	0	25,150	0	103	2
143	Prudential Insurance Co. of American	Newark, N.J	57,891	41,062	6,764	0	28,439	3,649	755	109	1,347
144	Hattori-Seiko Co.	Tokyo	57,179	28,475	3,180	102	10,158	14,029	0	59	947
145	Alberto-Culver Co.	Melrose Park, Ill.	56,863	21,372	3,503	28	13,604	3,452	0	2	783
146	Minolta Co.	Ramsey, N.J.	56,734	25,397	5,921	156	15,538	3,229	0	82	471
147	Carter Hawley Hale Stores	Los Angeles	55,039	19,966	2,861	28	0	17,064	0	4	9
148	Sandoz Ltd.	Basel, Switzerland	54,782	26,515	2,150	0	19,853	2,786	1,713	6	9
149	Scott Paper Co.	Philadelphia	54,626	27,318	1,638	0	4,123	21,436	0	11	111
150	Southland Corp.	Dallas	53,929	15,701	110	0	1,297	11,383	0	2,908	3
151	Avon Products	New York	53,402	25,357	6,529	105	18,680	38	0	5	0
152	US West	Englewood, Colo.	52,346	16,170	3,634	0	0	12,205	0	331	0
153	Cadbury Schweppes plc	London	52,072	25,772	3,042	593	10,848	10,439	499	27	324
154	Ciba-Geigy Ltd.	Basel, Switzerland	51,943	15,138	1,199	0	8,994	3,921	777	7	239
155	Sony Corp.	Tokyo	51,898	20,578	8,373	56	7,095	4,602	0	5	448
156	Helene Curtis Industries	Chicago	51,832	28,019	1,360	156	25,071	935	429	0	67
157	SmithKline Beckman Corp.	Philadelphia	51,718	23,720	2,543	339	17,683	2,136	535	0	483
158	Commodore International	West Chester, Pa.	51,615	18,557	4,769	0	11,360	1,587	0	0	841
159	Mennen Co.	Morristown, N.J.	50,851	33,773	2,561	0	28,284	1,205	0	0	1,724
160	MGM/UA Entertainment Co.	Culver City, Cal.	50,692	24,568	347	0	15,072	6,115	0	7	3,026
161	Federal Express Corp.	Memphis	50,301	27,467	4,251	0	16,605	6,432	0	0	179
162	Wellcome Foundation	Research Triangle Pk, N.C.	50,043	23,043	271	0	22,236	80	0	0	455
163	BMW A.G.	Munich	49,875	27,208	10,001	7	11,546	5,004	0	106	544
164	Lucky Stores	Dublin, Cal.	49,775	20,201	25	0	0	20,007	0	169	0
165	Denny's Inc.	La Mirada, Cal.	49,617	25,550	52	0	10,508	14,839	25	126	0
166	AB Volvo	Goteborg, Sweden	49,213	20,344	11,099	596	436	7,714	0	20	478
167	Squibb Corp.	Princeton, N.J.	48,870	23,316	5,923	31	9,000	6,229	1,837	3	293
168	Triangle Publications	Radnor, Pa.	48,730	35,208	65	18	1,535	24,389	7,523	0	1,678
169	Safeway Stores	Oakland, Cal.	47,318	20,994	1,273	0	0	19,044	0	677	0
170	Chevron Corp.	San Francisco	46,472	16,071	3,157	153	1,439	11,111	42	105	65
171	Franklin Mint Corp.	Franklin Center, Pa.	46,450	29,435	16,349	8,741	13	2,821	0	0	1,511
172	Household International	Prospect Heights, Ill.	45,762	26,305	2,072	0	3,780	19,731	8	270	444
173	Transworld Corp.	New York	45,660	21,821	1,643	84	17,892	2,163	0	39	0
174	A.H. Robins Co.	Richmond, Va.	45,332	34,095	3,575	0	6,592	23,712	0	0	217
175	Tambrands	Lake Success, N.Y.	44,004	29,271	7,158	0	20,371	748	0	0	994
176	20th Century-Fox Film Corp.	Los Angeles	43,539	20,547	444	0	6,592	11,948	214	223	1,126
177	National Distillers & Chemical Corp.	New York	43,471	25,117	12,217	0	4,571	339	2,780	5,211	0
178	People Express Airlines	Newark, N.J.	42,695	8,140	2,772	129	0	2,934	0	2,304	1
179	Hallmark Cards	Kansas City, Mo.	41,901	24,142	941	0	22,329	871	0	1	0
180	Visa International	San Francisco	41,668	26,374	5,581	0	16,449	1,476	2,466	185	217
181	Hiram Walker Resources	Toronto	41,225	28,796	21,421	302	0	0	0	7,073	0
182	Fuji Heavy Industries	Tokyo	41,004	23,912	5,505	0	10,524	7,261	0	196	426
183	Thompson Medical Co.	New York	40,236	33,065	4,144	0	18,378	4,048	0	0	6,495
184	Merrill Lynch & Co.	New York	40,113	21,339	2,962	73	15,402	2,437	81	58	325
185	MasterCard International	New York	39,233	26,654	4,423	144	18,617	3,072	0	0	398
186	Jeffrey Martin Inc.	Union, N.J.	37,338	34,338	0	1,325	22,700	6,788	3,032	0	493
187	Hearst Corp.	New York	36,494	18,261	15,146	103	0	2,267	198	513	35
188	Reynolds Metal Co.	Richmond, Va.	36,258	19,374	3,796	0	0	15,578	0	0	0
189	DeBeers Consolidated Mines	London	35,597	29,597	19,366	161	9,579	460	0	0	32
190	State of Florida	Tallahassee	35,147	22,147	4,823	193	13,772	2,862	0	0	497
191	NWA Inc.	St. Paul, Minn.	34,543	4,743	3,206	55	0	1,101	0	381	0
192	Texas Air Corp.	Houston	34,126	1,461	93	0	0	919	0	439	10
193	Armstrong World Industries	Lancaster, Pa.	33,749	16,160	14,269	695	0	1,192	0	4	0
194	Mitsubishi Corp.	Tokyo	33,597	19,050	4,712	0	0	14,210	0	0	129
195	Exxon Corp.	New York	33,005	17,338	686	137	0	16,002	0	157	357
196	Craftmatic/Contour Industries	Trevose, Pa.	32,359	23,305	231	21	18	22,976	0	0	59
197	Dow Jones & Co.	New York	32,051	19,674	2,594	87	5,213	3,656	3,808	77	4,239
198	Villa Banfi, U.S.A.	Old Brookville, N.Y.	31,029	21,389	563	0	19,497	1,245	0	0	84
199	Block Drug Co.	Jersey City, N.J.	31,013	21,289	98	0	16,628	4,350	0	0	212
200	Doubleday & Co.	New York	29,936	18,566	14,406	2,655	40	854	229	378	4

NOTES: Dollars in thousands. Sources: Magazine and newspaper supplements as reported by Publishers Information Bureau; network tv, spot tv, network radio and network cable as reported by Broadcast Advertisers Reports; outdoor as reported by Institute of Outdoor Advertising and Outdoor Advertising Assn. of America. See Page S-10 for breakout of media not monitored by Leading National Advertisers. For further explanation, see *Where Ad Age got its data*, Page S-15.

$31.3 million. But a notable shift, illustrating the brand transitioning, was the great drop in 1985 in GE brand advertising, to just $370,000 in the various media from $7.9 million in 1984. B&D tool advertising received markedly increased support in 1985, jumping 78%, to $9.9 million.

Among the major items, support for the cordless Dustbuster hand-held vacuums was up 25%, to $6.2 million in 1985, largely in magazines and network and spot tv for both years.

While magazine and network tv spending for the company's power tools was comparable to the previous year's, the total committed to spot tv grew to $2.71 million from only $104,400 in 1984, and cable tv spending went to $186,600 from just $11,900 the year before.

Another big, highly competitive product, the B&D new automatic shut-off iron, received nearly fivefold the ad support in 1985 as in 1984, climbing to $5.2 million from $1.1 million. Magazine spending for the irons in 1985 was about even with 1984, with much of the increase going to network tv, which got $3.62 million.

During the year, B&D named Nolan D. Archibald president-ceo on the recommendation of Laurence J. Farley, chairman and formerly ceo. Mr. Farley continues as chairman.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$8,812	$8,221
Newspaper	121	576
Newsp. supps.	28	852
Bus. pubs.	297	210
Network tv	26,135	15,455
Spot tv	8,760	4,912
Network radio	0	542
Spot radio	110	0
Network cable	371	392
Outdoor	7	12
Total measured	44,642	31,172
Unmeasured	23,000	16,060
Total	67,642	47,231

BLACK & DECKER CORP.
701 E. Joppa Rd.
Towson, Md. 21204
(301) 583-3900

Corporate Personnel

Laurence J. Farley, chmn
Nolan D. Archibald, president-ceo
George M. Sherman, president, power tools group
Dennis G. Heiner, president, household prods group

Marketing Personnel

Gary DiCamillo, vp-mktg, power tools group
Kenneth E. Homa, vp-mktg, household prod group

Advertising Agency

McCann-Erickson, New York—household group—Steve Moynahan, acct exec.

Power tools acct—to be determined.

Block Drug Co.

RANK 199

Jersey City, N.J.

($ in millions)

Worldwide	1986	1985	% chg
Sales	274	248	10.7
Net income	29	26	10.9
U.S.	**1986**	**1985**	**% chg**
Sales	183	168	8.6
Operating profits	27	20	38.4
Advertising	31	42	(25.6)
Division sales	**1986**	**1985**	**% chg**
Dental	177	160	10.6
Consumer prods.	54	51	5.9
Ethical pharm.	43	37	16.2

Block Drug Co., marketer of Polident, Poligrip, 2000 Flushes and the ill-fated Efficol Cough Whip, pared back its media advertising expenditures during 1985 to concentrate more on product promotion.

Block, however, increased over-all advertising, reporting to the SEC that its total advertising and promotion budget in 1985 rose to $83.5 million, up 11.3%. The company says this reflects its increasing reliance, in competing with larger competitors, on market research, test marketing, and personal sales and marketing promotion of most of its professional dental and pharmaceutical products.

Block Drug, whose sales and earnings both increased about 11% in fiscal 1986, ended March 31, over the previous year, continued that pattern into the first quarter of fiscal 1987, ended June 30, with net income up 9.7% to $7.8 million on revenues of $73.6 million, up 13.1%.

During calendar 1985, Block trimmed measured advertising 35% to $23 million from 1984. Ad expenditures were reduced for five of the company's seven most-advertised products, and completely eliminated for a sixth.

Block Drug has three sales divisions—professional dental and consumer oral hygiene products; consumer products, which includes proprietary medicine products and insecticides and household products; and ethical pharmaceuticals. All three divisions showed increases in 1985 sales.

Of Block's $274.2 million in 1985 sales, $183 million were in the U.S., $63.2 million in Europe, and $28 million in South America, Asia and Australia.

In 1985, Block obtained X-14, a regional brand of mildew stain remover, among several products purchased for $4.6 million from White Laboratories, Orlando, and began distributing it nationally, spending about $750,000 in 1985. In 1986, it is estimated to be spending $1.2 million on the product. It is introducing Vitawipes, disinfectant-impregnated cloths to control infection in dental offices, with a $750,000 budget.

Block is now test marketing three new products—Caffree Toothpaste, marketed to eliminate caffein stains caused by coffee and tea; Fiberway, a natural bulk laxative; and First Hand, a hand and body lotion.

The company is discontinuing Efficol Cough Whip Syrup after a little more than a year on the market and $4 million dollars of advertising against Robitussin (A.H. Robins) and Vicks Formula 44 (Procter & Gamble). In this $300 million cough segment, Robitussin and Vicks remain leaders with a combined 50% market share. P&G spent $14 million on its Vicks line while A.H. Robins spent about $10.5 million on its Robitussin line in 1985.

Block cut measured advertising for its seven largest-advertised brands in 1985. The cut for 2000 Flushes Bowl Cleaner, No. 1 in its category, was 13.9%, to $3.1 million. Sales of 2000 Flushes have doubled since Block purchased the brand in 1983.

In denture cleansers, spending for Dentu-Creme denture toothpaste dropped 28% to $2.1 million, and fell 25% to $3.6 million for Polident Denture Tablets. Block holds a 45% share of the U.S. denture cleanser market with sales of $40-$45 million, according to Elizabeth P. Wright, analyst with Shearson, Lehman Bros. Total cleanser market is worth $100 million in the U.S. Warner-Lambert's Efferdent is the leader with a 50 share.

In the denture adhesives market worth $115 million nationally, advertising for Poligrip Regular Denture Adhesive dropped 25% to $2.7 million. Poligrip, with sales of $26 million holds a 22.6 share of market. Leader P&G's Fixodent holds a 23-24% share as No. 1, and P&G's Fasteeth powder is No. 3 with a 16-17% share, according to Ms. Wright. In this mature market, Block has maintained market share through restaging of products, extending lines, advertising and incremental price increases.

The company also reduced spending on Tegrin Medicated Shampoo, down 29% to $3.5 million. Most of the cuts in advertising among all company products were in spot and network tv spending.

Only for the ill-fated Efficol did ad expenditures increase last year, up 14% to $3.2 million. But Block eliminated measured advertising for Sensodyne Toothpaste, for which it spent $1.4 million on network and spot tv ads in 1984, concentrating instead on promotional efforts in the trade to market the product.

The company did not extend an experimental one-year agreement with CBS-TV, referred to as the "multi-daypart" deal in which Block let CBS move $5 million to $10 million in network buys from one daypart to another without advance notice in exchange for lower cost-per-thousand rates. The move seems part of an overall shift away from concentration on costly tv advertising.

Peter Mann, Block senior vp-general manager consumer products and household products division, says the deal was discontinued after the 1984-85 tv season, because Block's brand mixes had changed, as had general advertising conditions, and not because of any dissatisfaction with the agreement by either party.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$98	$183
Newsp. supps.	0	15
Bus. pubs.	10	29
Network tv	16,628	19,524
Spot tv	4,350	8,466
Spot radio	1,714	2,132
Network cable	212	590
Total measured	23,013	30,940
Unmeasured	8,000	10,756
Total	31,013	41,696

BLOCK DRUG CO.
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(201) 434-3000

Marketing Personnel

Donald LeSieur, exec vp-mktg
Peter Mann, sr vp-genl mgr, consumer prods div
John Perry, vp-mktg, consumer prods div
G. Andrew McMullen, vp-sales, consumer prods div
Mike Fink, vp-mktg, household prods div
Joseph Weinberg, vp-sales, household prods div
James B. Purchell, vp-genl mgr, dental prods div
Ken Ballantyne, vp-mktg, dental prods div
Edward Brady, vp-corp devel
Adam Kratochwill, dir-creative services
Avrum Geller, dir-mktg services

Advertising Agencies

Jordan, Manning, Case, Taylor & McGrath, New York—TNT Insecticides, Dentrol denture adhesives, Nytol sleep aid—David Hauer, mgmt super.

The Bloom Agency, Dallas—B C analgesic powders & tablets, Super Poli-grip denture adhesive—Paul MacMahon, president; Beth Mack, acct super.

Grey Advertising, New York—Polident powder & tablets, Smokers Polident, Tegrin medicated shampoo, Dentu-Creme, Dentu-Gel, Promise toothpaste, Dentrol Adhesive, new prods—Jack Frantz, exec vp; Casey Wojciechowski, vp-mgmt super; George Ruthauser, acct super.

Rosenfeld, Sirowitz & Humphrey, New York—2000 Flushes, X-14 mildew cleaner, Fiberway, new prods—Harvey Kipnis, mgmt super; Terri Coppersmith, acct exec.

Carrafiello, Diehl & Associates, Irvington, N.Y.—Polident denture cleanser, Poloris dental poultice, Pyco-Pay toothbrushes, PycoTwin, Sensodyne toothpaste, Wernet's denture adhesives, Wernet's Dentu Creme denture cleanser—Phyllis Howe, acct exec.

Blue Cross & Blue Shield Assn.

RANK 138

Chicago

($ in millions)

Worldwide	1985	1984	% chg
Sales	41,500	40,000	3.8
Net income	1,500	2,100	(28.6)
U.S. advertising	61	41	49.1

Blue Cross & Blue Shield Assn. is responding to increasing competition from insurance companies and other health care providers by raising its own profile with both the corporate decision maker and the consumer.

The Chicago-based national organization, which frequently ties advertising into sporting events to reach male decision-makers, announced in mid-October, 1986, that it has signed on as a corporate sponsor of the 1988 Winter Olympics to be held in Calgary, Canada. Beginning in 1987, the national organization will begin airing ads featuring special Olympic moments and sponsoring pre-Olympic tv specials, says Duane R. Carlson, vp-communications.

Total measured spending for Blue Cross & Blue Shield has tripled since 1983 when the healthcare industry began reacting to greater competition and concern over rising costs. A key factor in this was the federal government's new method of reimbursing treatment under Medicare, the program that provides health benefits to those 65-years and older. The federal government began phasing in fixed reimbursement levels for treatment of 468 common procedures, called diagnostic related groups of illnesses, forcing the healthcare industry to both contain costs and to find innovative ways to manage healthcare products in the face of growing competition.

In 1983, Blue Cross & Blue Shield's total measured spending was only $10.3 million for seven media. By 1984, total measured spending jumped 94% to $19.9 million. In 1985, total measured spending for seven media increased 50% to $20.1 million, according to LNA, which monitors seven media. Total measured spending for the 11-media reported in this issue was $30.6 million in 1985, up 49% over 1984 on the strength of $4.8 million in newspaper spending and $5.6 million in spot radio.

Blue Cross & Blue Shield Assns. are the names and symbols used by the 77 local, nonprofit community service organizations called Blue Cross and Blue Shield plans. The local plans contract with hospitals, physicians and healthcare organizations to provide prepaid healthcare services to subscribers in the $400-plus billion healthcare industry.

Although they formed an association, sharing administrative costs and offices, Blue Cross and Blue Shield on the local level sometimes are separate legal entities. The association is a nationwide federation of locally governed, autonomous corporations, each operating under state law as a non-profit service organization. The association is needed, among other reasons, to create and place national advertising, and to coordinate insurance coverage in cases where group membership in the local plans crosses regional boundaries.

The national association and local plans joined together in September, 1984, to launch advertising for Blue Cross and Blue Shield plans bearing the first cooperative ad theme: "Carry the Caring Card." In May, 1985, the national and local plans broke an educational campaign on "Managing the new healthcare," which discussed issues and options in healthcare. The local plans have been offering such options as Health Maintenance Organizations (HMOs) since 1969 and Preferred Provider Organizations (PPOs) since 1983, in addition to traditional fee-for-service reimbursement programs.

The national association spent $17.6 million on measured media for Blue Cross and Blue Shield plans in 1985, divided 56% spot tv, 26% network tv, 10% magazine, 7% network radio, and 1% out-of-home. The spending represented 87% of total measured outlays for LNA's seven media.

The national association also spent a measured $2.3 million solely for Blue Cross plans, which cover hospitalization expenses, divided 96% spot tv and 4% out-of-home. Alternative health plans, including HMOs and PPOs, received $110,000 in measured spot tv.

Claims expense in 1985 totaled $86.8 billion for the national association. Of this, $37.8 billion was paid-for care received by subscribers, a decrease of 5% from 1984, and $48.9 billion was paid for persons in federal programs.

Blue Cross & Blue Shield had 77.5 million subscribers at the close of 1985. That figure includes subscribers under the Federal Employee Program and coverage for Medicare, and as carriers for Medicaid and Champus, which includes military dependents. The total number of people covered is about 100 million.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,809	$1,054
Newspaper	4,792	500
Bus. pubs.	169	46
Network tv	4,530	3,831
Spot tv	12,185	8,107
Network radio	1,265	1,062
Spot radio	5,562	5,703
Outdoor	296	228
Total measured	30,607	20,531
Unmeasured	30,000	20,124
Total	60,607	40,655

BLUE CROSS & BLUE SHIELD ASSOCIATIONS
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Marketing Personnel

William Johnson, sr vp-mktg
Duane R. Carlson, vp-comm
Thomas Mura, sr consultant-comm

Advertising Agency

HCM-Chicago-Laurel Baer, sr vp-acct dir; Andrew Taylor, vp-acct super; Dale Landsman, exec creative dir; Jim Hyman, creative dir.

BMW A.G.

RANK 163

Munich

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,755	4,317	10.2
Net income	100	110	(9.0)
U.S. advertising	50	36	40.2

BMW of North America successfully shifted its marketing focus in 1985 to the upper end of its lineup as new models widened its appeal. The move also helped drive up unit sales 23.9% over 1984 to 87,873 units in the U.S. in 1985.

The company's U.S. marketing formerly hinged on its lower-price 300 series ($19,955 to $23,255), but in 1985 ad spending backed the higher-price models to boost sales.

Sales of BMW's 635CSi jumped 41.9% in 1985. Of the $3.8 million spent on the 6 series in seven measured media tracked by Leading National Advertisers, the 635CSi got $3.5 million.

The series got only $898,000 in advertising in 1984. BMW's 325e, introduced in model year 1985, and 325es models were the company's big sellers, with unit sales of 30,819. Advertising in calendar 1985 dropped to $959,400 from $5.5 million in 1984.

The 318i, another top-selling car, posted unit sales of 23,111, a 19.4% drop from 1984. Advertising was only $367,000 for the 318i, down from $1.6 million in 1984. The big spender was the new BMW 735i with $6.8 million. BMW also spent $8.4 million advertising nonspecific model-passenger cars, up from $144,600 in 1984.

BMW had a 3.1% share of the imported car market in 1985, up from 2.9% the previous year. The company also captured 20.1% of the import luxury car market, which includes Audi, Jaguar, Mercedes-Benz, Porsche, Saab and Volvo. In 1984 its share was 18.1%.

BMW increased its network tv ad spending nearly fourfold to $11.5 million in 1985, from $2.9 million in 1984, while spot tv spending dropped 23.7% to $5 million. Spot radio spending almost doubled to $2.9 million.

Importer BMW of North America is one of 13 foreign sales and marketing subsidiaries of parent company Bavarian Motor Works, or Bayerische Motoren Werke AG, in Munich. That includes a Canadian subsidiary, BMW Canada, that opened in early 1986 in Whitby, Ont.

The U.S. is the best foreign market for BMW. U.S. unit sales were more than double those in any other country, including 33,500 in the U.K., 29,300 in France, 19,400 in Italy and 13,000 in Netherlands.

New for model year 1985 was the BMW 325e sedan, designed as an entry-level BMW to attract people into BMW ownership and offer a higher performance option for current 3 series owners. Also launched were four-door sedan versions of the small-body 318i and 325e and the company's first U.S. diesel offering, the 524td. All were marketed under the BMW umbrella tag line, "The ultimate driving machine," via Ammirati & Puris, New York.

To appeal to younger, more affluent buyers, BMW also launched a new line of upscale motorcycles, a K series of four-cylinder cycles that sold for up to $7,500. Most of the company's $500,000 1985 motorcycle ad budget went into a three-month spring campaign, themed, "The legendary motorcycles of Germany."

In late 1985 BMW's parent company was rumored to be high on Detroit-based General Motors Corp.'s shopping list for a European luxury auto maker to become GM's seventh domestic car division. Although BMW confirmed talks were held with GM, it maintains it isn't for sale.

In November, 1985, BMW became the first auto marketer in the U.S. to offer a factory-backed, used-car warranty. The national program was designed to bolster prices of used BMWs and strengthen dealers. A heavy print and tv introductory campaign broke in February, billing BMW as "The only auto maker that stands behind its cars. Twice."

BMW's marketing effort for model year 1986 involved programs intended to improve the company's image. It increased promotional and merchandising budgets sharply—about 35% of BMW's 1986 marketing activities—as BMW returned to racing and added sponsorships of polo and race track advanced driving school for auto enthusiasts. Of the remaining 65%, four-fifths went to national advertising and one-fifth to its dealer ad group.

The company also increased direct marketing spending by expanding a program that invited prospective buyers to test drive cars at race tracks.

BMW also moved to strengthen its 3 series to combat increasing competition from Japanese imports, says Gunter Kramer, chairman and president. BMW dropped the 318i for 1986 and added 3 sportier 325 models to compete with Honda's Acura entries and sports-luxury entries from Toyota and Nissan expected by 1990. Once again, BMW's "The ultimate driving machine" theme was retained, and ads continued to pitch handling, engineering technology and prestige.

BMW broadened its motor sports involvement in 1986. In addition to fielding a Formula One engine, BMW competed with a two-car entry in the International Motor Sports Assn. GTP class. The BMW/Skip Barber Advanced Driving School, run by the ex-Formula One driver, was incorporated into a direct mail program. BMW solicited prospects by mail for the course. BMW increased the number of regional polo events it sponsors to 12 in 1986 from five in 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$10,001	$9,014
Newspaper	7,594	6,109
Newsp. supps.	7	6
Bus. pubs.	183	287
Network tv	11,546	2,983
Spot tv	5,004	6,562
Spot radio	2,891	1,932
Network cable	544	117
Outdoor	106	3
Total measured	37,875	27,013
Unmeasured	12,000	8,559
Total	49,875	35,572

BMW OF NORTH AMERICA
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(201) 573-2000
Marketing Personnel
Hans Riedel, vp-mktg group
Carl Flesher, genl mgr-mktg strategies
George Hartley, mktg comm mgr
Steve Woolford, adv mgr
John Mitchell, dealer mktg mgr

Advertising Agency

Ammirati & Puris, New York—automobiles, motorcycles—Ralph Ammirati, co-chmn-ceo; Martin Puris, co-chmn-ceo; Edward Vick, president-coo; Duncan Pollock, sr vp-group mgmt super; Tom Cavanagh, sr vp-mgmt super; Robert Schultz, vp-acct super-natl adv; Robert Heissner, acct super-dealer adv; Alyson Henning, vp-mgr promo group; Michael Kennedy, acct super; Debbie Carroll, Mike Hayes, Henry Staats, Barry Wood, Harold Kobakof, acct execs.

Aloha from Hawaii

Castle & Cooke is a historic U.S. company, founded in 1851 by two missionaries, Samuel Castle and Amos Cooke, who established a trading post and worked to exploit the excellent climate of Hawaii for food production. The company's best known brand, Dole, was added in 1903 when James Dole brought his canned pineapple to the U.S.

RANK
123

Borden Inc.

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,716	4,568	3.2
Net income	194	182	6.4
U.S.	**1985**	**1984**	**% chg**
Sales	3,893	3,815	0.2
Operating profits	249	236	5.5
Advertising	65	91	(28.2)
Division sales	**1985**	**1984**	**% chg**
Chemicals	1,353	1,272	6.4
Dairy	1,248	1,192	4.7
Grocery prods.	1,134	1,135	(0.1)
Consumer prods.	981	970	1.1

Borden Inc. in 1985-86 is trimming costs by cutting about 1,000 from its work force, selling off properties not part of the chosen business segments, and acquiring new companies in growth areas. The 87-year-old company also reduced its common stock outstanding by repurchasing 4 million shares.

Borden has shown positive results so far in 1986. In the first half, ended June 30, it had sales of $2.37 billion, up 4.5%, and net income of $88.6 million, up 9.5%.

The company continues to spend heavily on "advertising and promotion," which rose 6.2% to $267.6 million worldwide in 1985, from $252 million in 1984. Of the total reported to the SEC, Borden says $54.2 million was advertising while $213.4 million was salaries and other expenses including a broad range of promotional activities—couponing, participation in community activities, point of purchase, food premiums, printed materials, and logo caps. The total ad and promotion figure also includes support for Borden international operations which account for about 16% of total sales.

In 11 measured media, Borden spent $21 million in 1985, down 25% from 1984. Borden gives signs of moving more toward unmeasured advertising among its changing corporate strategies in the mid-1980s. Measured ad support for big brands is off noticeably except for Krylon paints, backed by $3.62 million in 1985, up 55%. Support for Eagle Brand sweetened condensed milk, Borden's original product in production for 125 years, was off 28% to $2.1 million. Eagle Brand, however, maintained sales growth of 6% in 1985, better than the over-all corporate sales growth of 3.2%.

Borden, the biggest fresh dairy supplier in the nation, markets manufactured dairy products on a national basis and sells fluid milk and fresh dairy lines regionally in the eastern half of the nation and the Southwest.

Borden's products are now in two major areas, foods and chemicals, with 75% of its sales in consumer products which produce 80% of its operating income. The company also operates in Europe, Latin America, Asia and the Pacific; for the past three years it has run its U.S. and Canadian operations jointly.

Continuing the expansion of its pasta lines, Borden in February, 1984, bought the Anthony Macaroni Co., Los Angeles, maker of Anthony brand dry pasta. Then in August, 1985, it added another dry pasta brand, Vimco, by acquiring Viviano Macaroni Co., Carnegie, Pa. These newcomers joined Borden's other pasta labels, Creamettes, Luxury and Ronco, helping to push the company's U.S. pasta market share up to 15% from the 11.9% share it had in 1984. This inched Borden closer to No. 2 CPC International's Mueller brand with a 15.6% share and 17% for segment leader Hershey Foods, which has American Beauty and five other brands. Borden says its pasta business is the fastest growing part of the market, taking one-third of total U.S. pasta market growth in 1985.

In September, 1985, Borden's ex-

KELLY MARKETING

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HEINZ
Instant Baby Food
Peaches
JUST ADD WATER
NET WT. 1.25 OZ (35g)

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panded its dairy operations by acquiring the business of Detroit Pure Milk Co. and in December, the Sealtest Dairy in Miami, Fla. In March, 1986, the company acquired Midwest Farms Dairy in Louisiana, supplier of milk and ice cream to 7-Eleven stores in that state.

Borden became the world's biggest decorative wall coverings maker in April, 1985, with its purchase of the Crown and Sunworthy businesses of Reed International plc. Crown is the leading U.K. wall-covering maker, and Sunworthy is the biggest in Canada.

In a second recent acquisition from CPC International, Borden on June 30, 1986, purchased Acme Resins Corp., Westchester, Ill. This addition makes Borden one of the top foundry resin producers in the world.

One of Borden's bigger additions was the $40 million purchase on July 12, 1986, of Jays Foods Inc., Chicago-area marketer of potato chips, popcorn, corn-based snacks and pretzels. Borden already has brands such as Wise Cottage Fries, New York Deli, Clover Club and Geiser competing in the $6 billion salty snack segment of the huge U.S. snack market, said to total $29.5 billion this year. The company is second nationally in snacks, behind PepsiCo's Frito-Lay, and in 1985 had Snack Division domestic sales of $619.8 million.

Most recently acquired was Doxsee Food Corp., Baltimore, maker of the biggest U.S. clam product line plus Bennette sauces and toppings and Cary maple syrup. Borden closed this deal Aug. 27 for $32.5 million.

Helping pay for the acquisitions was the sale of Drake Bakery operations this July 12, to Ralston Purina, St. Louis. Cash payment, after taxes and expenses, exceeded $100 million. Drake marketed cakes, pies, and cookies in a 13-state Atlantic seaboard area, and in 1985 boosted operating income nearly 20%, on total sales of $125 million.

Drake did not fit Borden's strategy of building a national franchise in salt snacks, says James J. Sullivan, Borden's chairman/ceo.

Borden also held merger discussions with Purex Industries, Lakewood, Cal., maker of Brillo, Purex and other brands, but talks reported in January, 1985, were called off in February.

Borden says it is refocusing its marketing strategy to come up with new products that are patentable, assuring market segment domination for a period of time like it achieved in years past with such brands as Eagle Brand, Cracker Jack, ReaLemon and Elmer's adhesives.

New products, whether qualifying as market niche products or not, include the industry's first fluid milk, Borden Hi-Calcium milk, which gives the user 100% of the daily calcium requirement in a single 8-ounce serving. Market tests are under way. Other new products are Borden's pioneer thick potato chip, Cottage Fries and Corn Spirals—a corkscrew-shaped crunchy corn chip made by using rotini pasta equipment.

Borden spent 25.5% less on media—down to about $21 million from $28 million in 1984—although spot radio jumped 110% to $3.4 million.

Heaviest measured ad support was for Borden's Lite Line Cheese, $1.38 million; Eagle Brand, $2.1 million; Elmer's Glues, $1.62 million; and Kava acid-neutralized coffee, $1.11 million. All were down from 1984 spending. A major 1985 increase was the $3.62 million for Krylon paints, up 55%. Other smaller increases were for Snows chowder, Coco Lopez Puerto Rican-produced coconut beverage products, and Borden's Ice Cream. Cracker Jack, at $806,700 in 1985, was close to 1984 spending of $879,100.

Borden agency changes include the succession of Jordan, Manning, Case, Taylor & McGrath, New York, to the snack advertising formerly handled by the defunct McDonald & Little, Atlanta. Also, the nonfood advertising handled by Grey, Lyon & King was merged into Grey Advertising, New York, with George Lyon continuing at Grey with responsibility for the brands.

In management, R.J. Ventres was elected president and chief operating officer, effective July 1, 1985, succeeding Eugene J. Sullivan, who is chairman, chief executive officer.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,225	$794
Newspaper	1,627	1,774
Newsp. supps.	239	0
Bus. pubs.	0	679
Network tv	3,596	8,669
Spot tv	5,434	14,054
Network radio	995	0
Spot radio	3,442	1,645
Network cable	325	573
Outdoor	78	1,013
Total measured	20,961	29,201
Unmeasured	44,000	61,299
Total	64,961	90,500

BORDEN
277 Park Ave.
New York, N.Y. 10172
(212) 573-4000
DAIRY DIVISION
Houston, Texas
Marketing Personnel

Bill Baar, vp-sales & mktg

GROCERY & SPECIALTY PRODUCTS DIVISION
Corporate Personnel

Jon G. Hettinger, president

Marketing Personnel

Lee N. Arst, group vp-confection & main meals
J.F. Dix, group vp-desserts & beverages
J.C. Clowdus, vp, genl mgr-specialty prods
D.L. Prescher, vp, genl mgr-home & professional prods
L.J. Westerberg, vp, genl mgr-pasta
Kermit Kalleberg, vp-admin pasta group
Dale Schulz, vp, genl sales mgr-pasta
Al Carfora, gen mgr-confection
Robert Culver, genl mgr-hot prods
T.C. Willers, genl mgr-fruit prods
Don Knezovie, genl mgr-Deran Candies
Pat Gabriel, genl mgr-dessert prods
Diek Ballard, genl mgr-coffee prods
Han Kim, genl mgr-refrigerated prods
G.J. Rowe, genl mgr-consumer prods, Canada
L. Loftus, genl mgr-consumer adhesives
C. Matzen, mktg dir-Car Care, Krylon

SNACKS AND INTERNATIONAL CONSUMER PRODUCTS DIVISION
Marketing Personnel

C.A. Abernathy, vp-mktg

Advertising Agencies

Grey Advertising, New York—Borden prod lines—Stewart Hegleman, exec vp; George Lyon, sr exec, household prods, Elmer's, Krylon, car-care prods; Les Strauss, mgmt super, cheese prods, confection div, Cracker Jack (including Popping Corn), dessert & beverages, Doxsee prods, ReaLemon, Snow's Chowder; Bob Witt, mgmt super, Elmer's, Krylon, car-care prods.

Jordan, Manning, Case, Taylor & McGrath, New York—Borden snack food prods—Jim Jordan, chmn; Don Weir, sr vp; Pat Shannon, acct super, Wise/Old London Foods; Shelley Wyker, acct exec, Wise/Old London Foods; Mark Itkowitz, sr vp-creative dir; Marty Waters, sr vp-media services and programing.

M&H Advertising, Minneapolis—Creamettes brand pasta—Steve Martin, president.

Sive & Associates, Cincinnati—Wyler drink mixes, Bama Foods—Dave Siegel, acct super-mgmt services; Tom Sagers, acct exec; Linda Jackson, Phil Mandel, acct execs, Kava Coffee; Ken Spahn, asst acct exec.

Tracy-Locke, Dallas—Borden dairy prods—Brian Maysent, acct super; Michael Godfrey, acct exec.

Venet Advertising, New York—Coco Lopez Cream of Coconut—George Rubin, acct mgr; Florri Wasserberger, acct exec.

Cadbury Schweppes plc

London

RANK **153**

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	2,370	2,777	(14.7)
Net income	53	50	6.1
U.S.	**1985**	**1984**	**% chg**
Sales	453	669	(32.4)
Advertising	52	44	19.5
Division sales	**1985**	**1984**	**% chg**
Confectionery	973	1,182	(17.7)
Drinks	846	1,028	(17.7)
Beverages, food	477	486	(1.9)
Health	73	87	(16.1)

Throughout 1985, London-based Cadbury Schweppes plc shuffled its worldwide confectionery and beverage divisions after a disappointing 1984, but still had lower sales, off 8%.

Sales for the U.S. divisions of Cadbury Schweppes—Peter Paul Cadbury, Duffy-Mott, Rose/Holland House and Schweppes USA—fared worse in 1985, dropping 26.4% from 1984, to $452.7 million.

U.S. losses came despite a boost in advertising expenditures in 1985—up 19.5%, to $27 million. Most of the increase went into radio, newspaper and spot tv, according to Leading National Advertisers.

In moves to consolidate its interests, Cadbury Schweppes divested the beverages and foods division and the unprofitable health and hygiene divisions in the U.K.

Despite losses in its confections division, North American brands—Peter Paul's Mounds, Almond Joy and York Peppermint Pattie—continue as Cadbury's most profitable brands. Cadbury confections (Peter Paul products, Cadbury Creme Eggs and Cadbury molded chocolate bars), hold an 8.2% share of the U.S. market, according to Brian Falk, Cadbury vp-mktg. Cadbury continues to have a difficult time gaining shares against Mars and Hershey confection brands, which combined split a 70% share of the market.

The division hopes to roll Wispa, an aerated chocolate bar, into national markets some time next year. A popular brand in the U.K., Wispa has been in test markets in upstate New York and parts of New England since 1984. Ad spending, concentrated mostly in spot tv, was up in test markets to $800,000 in 1985, from $321,000 in 1984. The Ammirati & Puris agency says a new campaign for Wispa will break next year.

A $1.6 million profit in the soft drink division in 1985 helped reduce Cadbury Schweppes' losses. This year, Schweppes USA acquired the beverage operations of Canada Dry and Sunkist from RJR Nabisco for $230 million, reselling a Canadian bottling company (included in the deal) to Coca-Cola for $90 million.

Schweppes also recently acquired a 30% stake in Dr Pepper Co. The company estimates it now has a respectable 8% share of the U.S. soft drink market, giving it the No. 3 spot in U.S. soft drink sales behind Coca-Cola Co. (38.6%) and PepsiCo (27.4%).

Schweppes had measured ad spending of $4.1 million in 1985, most of which went into spot tv and magazines. The most competition Schweppes faces in its mixer category is from Seagram's, licensed by Premium Beverages, Greenwich, Conn., a subsidiary of Coca-Cola Bottling Co., New York.

Sodamate Inc., a majority owned subsidiary of Cadbury Schweppes, began testing its Sodamate soft drink machine—a do-it-yourself in-home appliance—in Omaha, Neb., last summer. The machines are sold door to door for $124 in test markets, and Cadbury Schweppes will determine later whether to move the product into stores. The test is being backed by advertising estimated at a $50 million national rate.

The marketing push will be supported heavily by tv and print (including women's magazines) and strong public relations, according to Alan Langden, Sodamate vp-sales/marketing. Bozell, Jacobs, Kenyon & Eckhardt, New York handles. Sodamate is positioned as an in-home convenience that alleviates the hassles associated with bottled or canned soft drinks.

In 1985, Rose/Holland House spent $500,000 in support of a campaign for Rose's lime juice. Ads via Ammirati & Puris, which will run through 1987, are designed to attract younger, trend-setting consumers using the theme "The uncommon denominator." Rose's got $277,600 in spending, all spot tv, in 1984.

Holland House spent $255,000 to back its cooking wine in women's service books, promoting everyday use of the product.

Inside Cadbury there was concentration on restructuring North American operations complementing the streamlining efforts behind candy and drinks. Management levels were cut and more than 30% of the group's North American executives were dismissed. In March, 1986, North America chairman Robert Ix resigned and Jim Schadt was named president-ceo for North America.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,042	$3,010
Newspaper	298	78
Newsp. supps.	593	275
Bus. pubs.	9	0
Network tv	10,848	10,999
Spot tv	10,439	7,970
Network radio	499	89
Spot radio	993	28
Network cable	324	126
Outdoor	27	87
Total measured	27,072	22,663
Unmeasured	25,000	20,928
Total	52,072	43,590

CADBURY SCHWEPPES
1200 High Ridge Rd.
Stamford, Conn. 06905
(203) 329-0911
SCHWEPPES USA
Marketing Personnel

John Carson, president
Al Armitage, vp-mktg
Joan Monte, dir-pr
Margaret Luciano, mktg mgr
Valerie A. Ryan, merch mgr
Cheryl M. Palmer, prod mgr

Advertising Agencies

Ammirati & Puris, New York—Edward Vick, coo; Mary Herrmann, sr vp-mgmt super; Howard Lesman, vp-acct super; Linda Livingston, acct exec.

Bozell, Jacobs, Kenyon & Eckhardt, New York—Sodamate—Stacy Stevens, sr vp-mgmt super.

Foote, Cone & Belding, Chicago—Sunkist beverages—Joan Black, group acct dir; Dave Haan, vp-acct dir; John Malkin, acct exec; Rhonda Elwood, asst acct exec.

Young & Rubicam—Canada Dry—Paul Lorant, acct super; Cathy DiMico, Paul Matsen, acct execs.

PETER PAUL CADBURY
Marketing Personnel

William Sevel, president
Brian Falk, vp-mktg

Advertising Agencies

Ammirati & Puris, New York—All Cadbury confectionery except Peter Paul—Mary Herrmann, sr vp-mgmt super; Ann Milne, acct super; Linda Livingston, acct exec.

DFS Dorland, New York—Peter Paul: Mounds, Almond Joy, Powerhouse, York Peppermint Pattie—Jack Mascola, mgmt super; Tony Dale, acct super.

DUFFY-MOTT
Marketing Personnel

Norman Fawcett, president
Jim Follett, mktg mgr
David Crist, mtkg mgr
Donna Driscoll, mktg mgr-new prods
Kevin Gibney, mktg mgr-food prods

Advertising Agency

Ammirati & Puris, New York—Edward Vick, coo; Mary Herrmann, sr vp-mgmt super; Howard Lesman, vp-acct super.

ROSE/HOLLAND HOUSE
Marketing Personnel

Lysa Randolf Kraft, dir-brand mktg
Stewart Barcham, mktg dir-Holland House

Advertising Agency

Ammirati & Puris, New York—Edward Vick, coo; Mary Herrmann, sr vp-mgmt super; Howard Lesman, vp-acct super.

Where Ad Age got its data for this report

Companies spotlighted in the Second 100 Leading National Advertisers—a companion directory to the 100 Leading National Advertisers, 1986 edition (AA, Sept. 4, 1986)—were selected on the basis of their measured national advertising totals tracked in 11 media.

Ad expenditures are U.S. only and reflect calendar 1985 and 1984. Total ad estimates—on which the company's ranking is based—include measured and unmeasured spending.

Leading National Advertisers supplies measured expenditures in seven media, including: **Magazine** and **newspaper supplements** as supplied by Publishers Information Bureau; **network tv, spot tv, network radio** and **network cable,** as supplied by Broadcast Advertisers Reports, and **outdoor** as supplied by Institute of Outdoor Advertising and Outdoor Advertising Assn. of America.

Other media expenditures listed include **newspaper** as supplied by Media Records, **business publications** as supplied by Rome Reports, **farm publications** as supplied by Agricultural Marketing Information Services (AGRICOM) and **spot radio** as supplied by Radio Advertising Bureau.

PIB monitors 141 consumer magazines and *New York Times Magazine, Parade* and USA Weekend. BAR monitors ABC, NBC and CBS tv networks; 319 tv stations in 75 top markets—with continuous monitoring of New York, Chicago and Los Angeles; CBN, CNN, ESPN, USA, MTV: Music Television and WTBS cable networks, and 15 radio networks. IOA and OAAA measure gross sales from more than 200 national poster and paint advertising plants in markets of over 100,000 population. Rome Reports monitors about 600 trade and professional publications. Media Records monitors 202 daily and Sunday newspapers.

Measured media expenditures for 1985 and 1984 are restated to reflect corporate structure as of Dec. 31, 1985, in accordance with LNA practices. Companies acquired prior to that date are included in the new parent company's ad spending for full calendar 1985 and 1984 totals.

Unmeasured advertising figures are estimates and include direct mail, promotion, couponing, co-op contributions, trade show activity, ad literature, etc. They do not include corporate overhead spending, such as salaries, travel expenses, office rental as permitted under "advertising costs" filed with the SEC, nor do they include local retail ad spending.

Financial information in the profile boxtops may be either public information or estimates from analysts. The information covers the latest fiscal or calendar year.

Average annual exchange rates for 1985 were used to translate foreign currency into U.S. dollars. In this issue, rates included $.7405=C$1; $1.2648=£1; $.3338=DM1; $.004092=Y1; $.2956=Fl.1. The same rate was applied for both years to factor out year-to-year fluctuations.

Staff for this report

- R. Craig Endicott
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- Julie A. Doherty, *profile issues associate editor*
- Kevin Brown, *assistant editor*
- Geoffrey Shives, *art director*
- Karen Brodsky, *production director*
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- Sandra Davis,
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- Virginia Hunsche, *copy reader*
- Thomas Harney, *reporter/intern*
- Denise O'Neal, *researcher*

Cover photo: Luis Castaneda,
©The Image Bank
Lettering: Jeffrey Toth

Don Johnson's favorite dessert?

Capitalizing on the popularity of the "Miami Vice" tv series, Southland Corp. introduced at retail in 1986 a new Slurpee flavor, "Miami Ice," a lemon-lime flavor. It also introduced Moose Joose, a 10% natural fruit juice drink concentrate to the trade in the summer, 1986.

Carter Hawley Hale Stores

RANK
147

Los Angeles

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	3,978	3,724	6.8
Net income	48	90	(46.4)
U.S. advertising	55	37	47.4

Division sales	**1985**	**1984**	**% chg**
Dept. stores	2,890	2,750	5.1
Specialty stores	1,088	974	11.7

Carter Hawley Hale is struggling to reduce its corporate debt and to divest marginal operations as competition, particularly in its own backyard of southern California, intensifies with an increased number of specialty retailers, discounters and off-price stores vying for a softer retail dollar.

The chain, the nation's 10th largest nonfood retailer, sold its Canadian subsidiary, Holt Renfrew & Co., for $29.7 million in April, 1986, to Wittington Investments, a privately held company based in Toronto. The sale of the 15-store, high-fashion specialty unit added $3.5 million to Carter Hawley Hale's accumulated earnings in 1985, and reduced the company's debt by $50 million.

In mid-July, 1986, the company also placed the John Wanamaker division up for sale. Philip M. Hawley, chairman-ceo, says selling the 16-store, Philadelphia-based unit would further reduce corporate debt and free up investment capital for modernization and growth of the company's other retail units, which include New York's Bergdorf Goodman and Dallas-based Neiman-Marcus, among others. Carter Hawley owns a total of 129 department stores and 178 specialty stores.

The decision to sell Wanamaker also was motivated in part by the fact that the bulk of Carter Hawley's holdings are located in the southwest and west and the company plans to concentrate there, a corporate spokesman says.

Measured ad spending by Carter Hawley Hale is dominated by two California-based department store units, including the 22-store Emporium Capwell, San Francisco, and the 42-store The Broadway-Southern California, Los Angeles. These two units accounted for a combined 50% of Carter Hawley Hale's $19.9 million in measured spending for seven media, according to Leading National Advertisers, whose seven-media total was up 40% over 1984.

Measured spending for the two chains was slightly under $5 million each in 1985, divided 97% spot tv and 3% magazine for both. Spending was up 66% in 1985 for The Broadway unit, and up 12% for Emporium Capwell. Carter Hawley Hale's measured 1985 spending for 11-media was $25 million, which included $4.4 million in national newspaper spending. Carter Hawley reported to the SEC its total advertising budget in 1985 at $108.1 million, up 8%, which includes extensive print media, local newspaper, direct mail advertising, salaries and other overhead costs for in-house advertising departments.

John Wanamaker was the next largest unit in terms of 1985 ad spending with $3.4 million in measured media, divided 91% spot tv and 8% magazine. Wanamaker's measured spending was up 95% from 1984.

Dallas-based Neiman-Marcus spent $2.9 million in measured media, up 46% over 1984. Neiman-Marcus's spending was divided 76% magazine, 23% spot tv and 1% newspaper supplement. Sacramento, Cal.-based Weinstock's has measured spending of $1.5 million, up 96%, and Richmond, Va.-based Thalhimers had $1.6 million, up 8%. Weinstock's and Thalhimers measured spending was all in spot tv.

Retail analysts say Carter Hawley is still on the rebound after successfully defending the company from a 1984 takeover bid by The Limited Inc. As part of its defense, Carter Hawley fought back and retired $450 million in outstanding shares and sold off 40% of its preferred stock for $300 million to General Cinema Corp. General Cinema later converted a portion of the preferred stock into 12.2 million shares of common, making a profit of $120 million. The company has a standstill agreement not to sell off Carter Hawley's shares until 1989, a spokesman says.

But the takeover defense was costly. On top of paying about $30 million per year in preferred dividends to General Cinema, the company is working from a smaller capital base, which makes it difficult to gain financing for modernization and expansion, analysts say. To lessen its debt burden, Carter Hawley has been selling off units that do not fit within its core of profitable department store and specialty store units. Late in 1984, the chain sold off its Walden Books chain to K mart for $295 million.

Net income from continuing operations jumped 77% to $48 million for the fiscal year ending Feb. 1, 1986, on sales of $3.97 billion, up 7%. (However, net earnings from continuing operations still lag far behind 1983's $55.4 million on sales of $3.1 billion.) For the six month period ending Aug. 2, 1986, revenues were $1.76 billion, up 3% over the comparable period in 1985.

Net income for the first half was $26.1 million, up 35% over the same period in 1985. Carter Hawley's sales through the end of September, 1986, or the first 35 weeks of the fiscal year, were $2.4 billion, up 5.5% over 1984.

Carter Hawley is making changes that could bode well for its future profitability, however. One such change is the gradual phase in of commission payments in department stores as an incentive for salespeople to provide better service.

The chain also is moving strongly to private label merchandise to differentiate itself from other retailers, analysts say.

California is a major key to Carter Hawley Hale's future. It currently is a soft retail market, but one where the company has most of its assets. The chain's The Broadway division has been hurt by the rapid expansion of Nordstrom's into California and the rise of upscale discount stores there. Competition also is stiff in the high-fashion specialty store segment from upscale retailers such as Macy's in San Francisco, says Monroe H. Greenstein, senior analyst at Bear Stearns & Co., New York.

"My advice is to go to church and pray," Mr. Greenstein says of the California operation. "Only time will tell if the company can turn around. We would have hoped sales would improve by now, but they have not."

"This is a turnaround year for Carter Hawley Hale," says Stanley Iverson, group vp and retail analyst at Chicago-based Duff & Phelps. "Their success depends on how well they execute their new strategies in a fiercely competitive market."

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,861	$2,368
Newspaper	4,420	2,728
Newsp. supps.	28	618
Spot tv	17,064	11,268
Spot radio	653	0
Network cable	9	0
Outdoor	4	5
Total measured	25,039	16,986
Unmeasured	30,000	20,352
Total	55,039	37,338

CARTER HAWLEY
HALE STORES
550 S. Flower Steet
Los Angeles, Cal. 90071
(213) 620-0150
Marketing Personnel
Arthur G. Coons, vp-mktg
William Burrows, dir-corp rsch
BERGDORF GOODMAN
New York
Marketing Personnel
Mitchell Fox, dir adv
Advertising Agency
(In-house).
THE BROADWAY
SOUTHERN CALIFORNIA
Los Angeles
Marketing Personnel

CONFIDENTIAL
1987
Marketing Plans

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J. Janvier Wetzel, exec vp-mktg & sales promo
Joel Ely, div vp-creative dir
Kathleen James, div vp-adv admin
June Miller, div vp-pr & special events
Linda Peshkin, div vp-mktg rsch

Advertising Agency

(In-house).

THE BROADWAY-SOUTHWEST
Mesa, Ariz.
Marketing Personnel

Sally Lowry, sr vp-mktg & sales promo
Thomas Walsh, div vp-adv

Advertising Agency

(In-house).

W.F.C. Advertising, Phoenix—broadcast-Jim Winters, president.

EMPORIUM CAPWELL
San Francisco
Marketing Personnel

John Thomas, vp-sales promo
Marsha McLean, dir-adv
Alice McNaughton-Hodge, dir-mktg & finance

Advertising Agency

(In-house).

NEIMAN-MARCUS
Dallas
Marketing Personnel

Thomas K. Raney Jr., exec vp-sales promo & creative services
Bill Williams, sr vp, mktg & mail order
Bernie Feiwus, sr vp, sales promo anlysis
Tim Mabee, vp-mktg
Kit Hughes, vp-adv & direct mail
Gary Grahnquist, vp-sales promo
Daria Retian, vp-creative comm services
Ann Barrington, vp-mail order adv

Advertising Agency

(In-house).

THALHIMERS
Richmond, Va.
Marketing Personnel

Elizabeth Bauder, sr vp-sales promo
Charlotte Ford, dir-adv

Advertising Agency

(In-house).

JOHN WANAMAKER
Philadelphia
Marketing Personnel

Kai M. Frost, sr vp-sales promo
Charleen Hassin, div vp-adv
John Hickey, div vp-mktg

Advertising Agency

(In-house).

WEINSTOCK'S
Sacramento, Cal.
Marketing Personnel

Lisa Stanley, sr vp-sales promo
Monica Lang, dir-adv

Advertising Agency

(In-house).

RANK
119

Carter-Wallace

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	400	349	14.7
Net income	28	21	33.1
U.S.	**1986**	**1985**	**% chg**
Sales	324	278	16.5
Operating profits	65	49	31.8
Advertising	66	65	0.6
Division sales	**1986**	**1985**	**% chg**
Health care	204	160	27.5
Deodorants	123	115	7.0
Consumer prods.	73	74	(1.4)

The company that brought Arrid deodorant, Miltown tranquilizer and Carter's Little pills to the market, Carter-Wallace Inc., is now producing a line of men's prophylactic products, sparking speculation about intensified advertising and promotion efforts in that market.

In September, 1985, Carter-Wallace bought the biggest U.S. condom marketer, Youngs Drug Corp., Trenton, N.J., for $25 million. Young's Trojan brand has about 60% of the U.S. market.

The Sheik and Ramses brands from the other big prophylactic marketer, Ansell Americas, Tinton Falls, N.J., add up to about 30%.

Carter-Wallace comes to the men's prophylactic products business amid new anxieties about AIDS and herpes plus the intermittent flare-up of the "old" venereal infections.

Promoting the men's products hasn't always been easy. Sales formerly were limited by laws in some states that restricted condom advertising and confined sales to drug stores, but those laws gradually were repealed during the 1970s, and marketing efforts have since heightened. Both men's and women's magazines increasingly have been carrying condom advertising, and drug stores now openly display the brands.

In the fraction of 1985 that Carter-Wallace owned the Youngs' brands, it spent about $320,000 on Trojan, all of it in magazines. That will increase sharply this year as the company expands from 15 to 53 titles for its magazine schedules. Mass audiences, both male and female, are essential for condom marketing success, and the major producers are pressing hard against continued print and electronic media resistance. Carter-Wallace's selection of its new agency for Trojan, Ted Bates Advertising, New York, is said to be on the basis of an energetic tv effort for the prophylactic line.

Ted Bates, which has several major Carter-Wallace brands, including Arrid and Carter's Little Pills (the term "liver" was dropped several years ago), took over the Trojan account from Poppe Tyson Inc., New York. Poppe Tyson continues with another former Youngs product, Triple X pediculicide, used in combatting body lice.

Carter-Wallace's sales of $400 million in fiscal 1986 ended April 1, jumped 15% from 1985, and net earnings of $27.6 million were up an impressive 33%. A pro-forma report for the period showing combined Carter-Wallace/Youngs operations as if the union had been made April 1, 1984, places Carter-Wallace's 1986 sales at $417.2 million and net income, $29 million.

Carter-Wallace, a diversified manufacturer and supplier of prescription and over-the-counter health preparations, personal-care products, and pet-care goods, is organized into five divisions that produce and market products in two broad business segments, Health Care Products and Consumer Products (also called Carter Products). Carter-Wallace's antiperspirant/deodorant lines in the Consumer Products segment is reported as a separate subgroup.

The Health Care segment brought 51% of 1986 sales of $203.5 million, up 27%. Consumer Product's 49% share showed sales of $196.7 million, a rise of 4%. U.S. sales were 81% of all sales, up from 79.7%. Health Care segment sales were about 62% of these international totals both years, and consumer sales the rest.

The most recent Carter-Wallace new products include Arrid XX Musk Solid deodorant and Arrid Extra Dry unscented roll-on. Arrid for five years has been the anti-perspirant field's leading seller and accounts for about $23.6 million in sales. Carter-Wallace claims sales of Arrid solids grew three times faster than the whole anti-perspirant/deodorant market in 1985.

Also new for 1985 were Nair Mousse Depilatory, which opened a new field with its regional introduction in January, 1986; and Block Out SPF 15 Spray, described as the first waterproof spray sun block. Rigident denture adhesive is up in sales and now has American Dental Assn. approval.

The company reports that its Wallace Laboratories Division drew record 1985 sales from its major products, including Soma brand muscle relaxant, Organidin expectorant, and its Rynatan and Rynatuss antihistamines. Prescription cough and cold preparations also did well.

New from the Wampole Laboratories Division are Virogen Rubella, for testing immunity to rubella infections, and Virogen Herpes, a fast simple test for diagnosing active herpes. Wampole also has market leaders for serological testing in Mono-Test, which detects mononucleosis, and Rhumaton, a test for rheumatoid arthritis.

Among the pet products from the Lambert Kay Division was the new Good By Dry Shampoo, with aloe vera and lanolin for dry fur. This divison, which markets the Lassie line of pet goods, made strong sales in both health and non-medicinal products.

Carter-Wallace reported to the SEC it spent $81 million on advertising in 1985, up 7.5% from 1984, a figure that includes nonmedia and nonpromotional costs. Ad Age includes only national media and promotional spending for this report. Expenses identified as "marketing and selling" totaled another $76.3 million.

Measured advertising spending in the seven Leading National Advertisers' media of $24.6 million for 1985 was about even with $24.5 million in 1984. Network tv spending rose 6% to $18.1 million, the largest medium in the mix.

Spot tv fell 44%. But big additions were made in spot radio, up to $309,000 from just $2,000 a year earlier, and in network cable tv, which more than tripled to $649,000.

Leader among the Carter-Wallace brands in total ad spending is the Arrid deodorant line at $13.7 million, which took 55.7% of the company's measured media budget in 1985. This spending for Arrid was up 8% from 1984. The preponderance of Arrid backing was on network tv where the total, $12.1 million, was up 4% from 1984. Spot tv grew 53% to $1.21 million and magazine dropped back 37%, to $70,400.

Pearl Drops smokers' tooth polish took the second biggest chunk of Carter-Wallace spending, reaching $5.57 million in 1985, up 14.5%, most of that went for network tv, where spending for 1985 reached $4.4 million, 16% above the preceding year. Network cable tv was a new addition in 1985 for Pearl Drops, receiving $100,500.

Other major Carter-Wallace advertising spending was for its Nair depilatory brands, sun-protection products, and the new prophylactic line. Total Nair spending was $1.7 million, up 9%, and mostly in network tv—$1.04 million.

Sea & Ski suntan products received measured ad backing of $992,700, and Block Out suntan products got $338,600, for a total of $1.33 million, 26% ahead of 1984 totals for the two products. All Block Out spending was in magazines, while Sea & Ski was split among the three tv media—network tv, $508,200, spot, $54,500, and cable network, $154,000—and magazines, $276,000.

Spending for the new prophylactic lines, all in magazines, was $124,800 for Trojan-ENZ lubricated prophylactics and $195,100 for a category described as Youngs Drug Products prophylactics by LNA. Added to this was $104,400 for Koromex contraceptive gel and $97,300 for Transit-Lube lubricating foam.

In its second year on the market, Mischief Body Spray deodorant got $849,000, down 55.8%. In the introductory year, the bulk of Mischief advertising support went to network tv, $1.64 million, with magazines receiving $276,300.

In 1985, the division was reversed, with $589,100 going to magazines and $259,900 to spot tv. And the venerable Carter's Little Pills received their due also in measured media spending, with an outlay, largely in magazines, of $90,100 in 1985, up from $35,500 in 1984.

Carter-Wallace in 1985 stopped marketing its Rise Super Gel self-lathering shave cream in response to a law suit brought against it by S.C. Johnson & Sons, Racine, Wis., alleging patent infringement on Johnson's lathering gels. The U.S. District Court for Southern District of New York found for S.C. Johnson as did the Court of Appeals.

The court's finding blocked further marketing of Rise Super Gel until November, 1987.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,078	$2,840
Newsp. supps.	23	32
Bus. pubs.	19	29
Network tv	18,075	17,033
Spot tv	2,451	4,340
Spot radio	309	2
Network cable	649	189
Total measured	24,604	24,465
Unmeasured	41,000	40,770
Total	65,604	65,235

CARTER-WALLACE INC.
767 Fifth Ave.
New York, N.Y. 10153
(212) 758-4500
Corporate Personnel

John D. Mack, president
David W. McLain, exec vp

Marketing Personnel

Richard D. Kline, vp-mktg, Arrid prods
Stephen H. Friedman, vp-mktg, personal prods
Frank E. Suddoth, vp-mktg, suntan prods
Mark B. Klein, vp-mktg, family prods
Paul Brickman, dir-new prods
Richard C. Deyo, dir-mktg admin
Dolores M. Schimenti, dir-rsch
Anna I. Zgorska, dir-media
Alan B. Sadovnick, dir-sales promo

Advertising Agencies

Avrett, Free & Ginsberg, New York—Pearl Drops & Pearl Drops Smoker's toothpolishes, Nair depilatories, Rigident denture adhesive—Don Bandman, exec vp; Miriam Cohen, Marlene Wheeler, vps-acct supers; Melissa Garlanda, Rod Brown, acct execs.

Ted Bates Advertising, New York—Arrid deodorants, antiperspirants, Sea & Ski, Block Out, Tropic Sun prods, Carter's Little Pills, Answer pregnancy tests, Trojan condoms, Mischief body spray—Mark Morris, exec vp; Renee Summer, sr vp-mgmt rep; Robert Desatnick, Melanie Schneider, vps-acct supers; Deborah Barrows, acct super; Kathryn Hayes, vp-media dir; Sharon Mathews, assoc media dir.

Poppe Tyson, New York—Triple X pediculicide—Fred C. Poppe, chmn; Fergus O'Daly, president; Diane Frattine, acct exec.

INTERNATIONAL
Corporate Personnel

Miguel Fernandez, president
Barrington Shears, vp
George A. Kappler, vp-ethicals & diagnostics
Edward G. Goldenbaum Jr., dir-diagnostics
Darlene M. Chermak, mgr-consumer prods

LAMBERT KAY
Marketing Personnel

Robert A. Cuthbert, president
Thomas Abrams, mktg mgr
Thomas McShane, vp-mktg

Advertising Agency

(In-house)—Fresh 'N Clean pet grooming prods, Linatone food supplements, Theralin vitamins for pets, Avitron vitamins and Avimin minerals for birds, Victory insecticides, shampoos, Lassie line of grooming, health prods—Thomas Abrams, mktg mgr.

WALLACE LABORATORIES
Marketing Personnel

Herbert Sosman, president
Thomas G. Gerstmyer, vp-mktg
Thomas Halvorson, group prod mgr
Richard P. Krukowski, dir mktg, planning & devel

Advertising Agencies

Thomas G. Ferguson Associates, Parsippany, N.J.—Organidin, VoSol, VoSol, VoSol HC, Rondomycin, Ryna, Ryna C, Ryna CX, Rynatan, Rynatuss, Tussi-Organidan, Tussi-Organidin DM—John Zweig, sr vp-dir operations; John Szlasa, sr vp-mgmt super; Carole Rains, acct exec.

William Douglas McAdams, New York—Depen, Lufyllin, Lufyllin-GG, Lufyllin-EPG, Soma, Soma Compound, Soma Compound with Codeine, Micrainin, Aquatensen, Diutensen, Diutensen-R—Joseph Carobene, sr vp; Brian Rogers, acct super; Lorraine Pastore, asst acct exec.

WAMPOLE LABORATORIES
Cranbury, N.J.
Marketing Personnel

John Bridgen, president
John A. Kraeutler, vp-mktg

Advertising Agency

Simms & McIvor, Bound Brook, N.J.—diagnostic prods—Eugene McLoughlin, acct super; Nancy Masterson, acct coord.

RANK
131

Castle & Cooke

Los Angeles

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,681	1,718	(2.1)
Net income	46	18	155.9
U.S.	**1985**	**1984**	**% chg**
Sales	1,278	1,222	4.4
Advertising	63	50	24.7
Division sales	**1985**	**1984**	**% chg**
Flexi-Van	153	165	(7.3)
Castle & Cooke	1,528	1,552	(1.5)

Beginning in early 1985, Castle & Cooke has gone through a continental shift of change, emerging under new control, new management, new organization and a new address.

In February, 1985, a fresh infusion of money—a $250 million loan—from a major C&C shipper (and creditor), Flexi-Van Inc., New York, saved the big food marketer from perhaps going bankrupt. A merger of the two companies was announced March 12, 1985. The change put Flexi-Van's chief officer, David H. Murdock, in the head office as chairman-chief executive officer and brought in a board consisting of eight members of the Flexi-Van board of directors and six of C&C's.

C&C stockholders now own approximately 55% of the new company and Flexi-Van shareholders, 45%. Mr. Murdock owns 33% of Flexi-Van.

For 1985, the newly combined companies had $1.68 billion in sales, down 2.2% from $1.72 billion in 1984, and $46.4 million in net income, up 256% from $18.4 million in 1984. These figures are based on a pro forma reading that combines the sales and earnings of the companies for both years.

C&C is by far the bigger of the two. In 1984, the last full year prior to the sale, C&C had sales of $708.7 million and a net loss of $63.9 million and Flexi-Van had sales of $152.6 million and earnings of $21.4 million.

In the first six months of 1986 ended June 14, C&C boosted its sales to $900.7 million, up 3% over a pro forma reading for the comparable year-earlier period. Net income was $53.7 million, up 21% from the year-earlier period.

Other major changes at C&C have affected costs. Cutting the corporate staff and relocating officers from Honolulu and San Francisco to new corporate headquarters in Los Angeles cost $4 million. The mid-year resignation of Robert D. Cook, senior executive vice president and chief executive officer of C&C Foods, cost $1.7 million in final expenses.

C&C ranks as the world's largest producer and marketer of fruits and vegetables. It is first in world production of pineapple and second in bananas. The company markets fresh vegetables under the Bud of California brand and is a supplier of apples, grapes and citrus fruits as well as packaged pineapple and fozen desserts. In Central America, it operates a beer and soft drink business, and in Hawaii it produces cane sugar which it supplies to the California & Hawaii Sugar Co., of which it owns 9%.

Flexi-Van, based in New York, leases shipping containers and chassis for moving them between marine vessels and truck or rail terminals. Almost all of its business is at U.S. ports.

The third unit of the company is Oceanic Properties, a real estate developer in Hawaii and California. Together with C&C, itself owner of 150,000 acres in Hawaii, they rank as the second largest private landowner in the Islands.

In a series of moves early in 1985, C&C sold off its Bumble Bee Seafoods division to a group, including four of that unit's managers; sold its west coast mushroom business to Mushroom King Inc. of Santa Rosa, Cal., and sold all its interest in Honolulu's C&C office tower.

Girding itself for heavy emphasis on international marketing, particularly in the Pacific basin, the company in March, 1986, created a separate subsidiary, Dole Food Co. Noting that U.S. trade in the Pacific has now exceeded trade with Europe and that Asian trade in 1984, alone, was more than $33 billion, C&C points to its expertise in the area—such as marketing $150 million in fresh fruit to Japan in 1985. The Flexi-Van shipping capability also is a key to potential gains in overseas growth.

The company's 11-media measured advertising for 1985 was up 25% over 1984, to $30.5 million. Spending was heavy for the new Dole Frozen Fruit Sorbet, totaling $6.9 million. Major backing also was given to Dole Fruit 'n Juice bars, rising 37.5% to $8.4 million. In 1985 ad support for the sorbet was heavy on both network tv, where it received $4.4 million, and spot tv, at $1.6 million, but for the Fruit 'n Juice Bars there was a shift in 1985 from spot tv, which received only $33,900, to network radio, where 1985 spending totaled $2.3 million, triple the $716,300 in 1984. Fruit 'n Juice Bar network tv backing, however, did increase in 1985, jumping to $4.2 million from $1.7 million in 1984.

Advertising support for both the Dole canned fruit line and canned pineapple line more than doubled, the fruit products rising to $3.6 million from $1.7 million in 1984, and the pineapple rising to $3.6 million from $1.7 million a year earlier.

C&C made a major agency shift earlier this year by awarding to William Esty, New York, the Dole advertising that had been placed with two San Francisco agencies, J. Walter Thompson, San Francisco, and Allen & Dorward. Products now in the Esty camp are Dole packaged foods, frozen desserts and fresh foods. And the agency also is responsible for new product work.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$6,332	$3,898
Newsp. supps.	109	0
Bus. pubs.	0	724
Network tv	11,593	5,657
Spot tv	7,648	12,003
Network radio	2,274	716
Spot radio	2,383	1,146
Network cable	139	293
Outdoor	27	20
Total measured	30,505	24,458
Unmeasured	32,000	25,657
Total	62,505	50,114

CASTLE & COOKE, INC.
10900 Wilshire Blvd.
Suite 1500
Los Angeles, Calif. 90024
(213) [illegible]

Marketing Personnel

David Murdock, chmn, Castle & Cooke
Robert Fisher, president, Dole Foods Co.
Richard Wolford, president, Dole Packaged Foods Co.
David Delorenzo, president, fresh foods
Leo Kreger, sr vp-mktg processed foods
John Porter, vp-mktg & sales, processed foods
Patrick Tighe, vp-new prods
Robert Urbain, genl mgr, frozen desserts & snacks

Advertising Agency

William Esty, New York—Dole packaged foods, Dole frozen desserts, Dole fresh foods, Dole new prods and new ventures—Andrew M. Allen, sr vp-group acct dir. Los Angeles: Don Trepte, sr vp-mgmt super; Tracey Reif, acct exec. New York: Kenneth Hite, mgmt super; Philip Shaner, vp-acct super; Geoffrey Hatheway, vp-acct super; Roxanne Tahara, Eric Weiner, Anita May, Perry Thomas Shaffer, Valerie diFebo, acct execs.

Chesapeake Financial Corp.

RANK **133**

Miami Beach, Fla.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1.085	989	9.7
Net income	(9)	6	(250.1)
U.S. advertising	62	49	27.1

Division sales	1985	1984	% chg
Textiles	295	305	(3.3)
Petro. chemicals	144	148	(2.7)
Utility/municipal	135	127	6.3
Apparel	57	60	(59)
Refrigeration	29	29	0.3
Natural gas & oil	N/A	9	N/A
Fast food	124	91	36.3
Soft drinks	111	72	54.2
Fiber prods.	78	77	1.3
Other	111	80	38.8

A drive for new products and a strong push for promotion characterized the marketing activities in 1985 of the advertising-driven units of Chesapeake Financial Corp., Royal Crown Cola Co. and Arby's Inc.

In 1985 Chesapeake Financial had total sales estimated at $1.58 billion for its component companies, including the two biggest players, Arby's, the roast beef fast food chain based in Atlanta, Ga., and Royal Crown Cola, with executive offices in Rolling Meadiws, Ill., near Chicago.

Chesapeake Financial, formerly named Royal Crown Cos., is private and reports no revenue or profit figures. While it was still publicly owned in 19[illegible]5, Royal Crown Cos. reported sales of $491 million and net profits of $15 million. For 1985, Arby's alone reports an 8% sales increase over 1984, to $825 million.

While Royal Crown dates from 1905, when it began in Columbus, Ga., as Union Bottling Works, the present Chesapeake Financial Corp. was born June 29, 1984, in a law suit. That action came as the Victor Posner Group, Miami Beach, Fla., opposed the attempted leveraged buyout of Royal Crown by part of its management and others. Several of the companies controlled by Miami Beach financier Victor Posner, including Chesapeake Financial Corp., had been buying RC stock for several years and by September, 1983, held 26.9% of the common stock shares outstanding, compared to 18.08% held by the RC "management group."

Accusing the RC group of acting against the best interests of the company's stockholders, the Posner Group's legal action brought RC management into negotiation and thwarted the leveraged buyout. On June 29, 1984, for about $345 million, the acquisition of RC was made by Chesapeake Acquisition Corp. acting for the Posner Group. Headquarters were transferred to Mr. Posner's base in Miami Beach. (More recently Victor Posner has been in the news because on Sept. 22, 1986, U.S. District Judge Eugene Spellman in Miami found improper juror conduct in Mr. Posner's trial and conviction, July 18, 1986, on income tax evasion and ordered a new trial.)

The company's biggest source of sales and advertising spending, Arby's, is moving ahead on some big promotion programs backing several new products. New on the menu are the Philly Beef and Swiss Sandwich and the Great American Roast Beef Sandwich. "Both are in keeping with Arby's roast beef approach—back to the basics," according to Frank Belatti, Arby's group vice president.

Arby's had a promotional tie-in in 1986 with Major League baseball, both as awarder of the International Arby's RBI Award and in sponsoring the First National Instant Win game in connection with the World Series. And in community-support programs, Arby's is a national Big Brother and Big Sister sponsor.

The big fast-food chain has 1,600 restaurants, 1,400 of them franchised, and is in all 50 states but with greatest-concentration in the Midwest. For 1986, the company says its sales are running about $100 million ahead of last year and is looking for sales of $1 billion in 1987. Arby's expects to announce a major new marketing campaign at about press time.

In the 11-media tabulation in this report, Chesapeake Financial's expenditures totaled $29.3 million in 1985, up 27.3% from 1984. In the seven media monitored by Leading National Advertisers, which tallies brand spending, Arby's total 1985 ad outlay of $16.8 million was 66% of the $25.4 million Chesapeake Financial total. Royal Crown Cola Co's. total 1985 seven-media spending of $8.6 million was 34%, according to LNA. This compares to 56.6% for Arby's in 1984 and 43.4% for Royal Crown. Arby's spending was up 29% in 1985, and Royal Crown ad expenditures were down 14%. These totals do not include unmeasured spending, such as coupons, point of purchase and giveaways.

The company's ad backing for its two product lines continues small in contrast to major competitors. In the fast-food area, LNA reports McDonald's spending for 1985 as $312.3 million; Pillsbury's Burger King, $156 million; and Wendy's, $87.7 million. RC is up against Coca Cola's brand spending of $158.5 million and PepsiCo's $116.7 million.

Against enormous odds Royal Crown has advanced itself over the past three years in the cola wars from a 2.5% to 4.5% of the U.S. market share. Coca-Cola is the marketing leader with a 38.6 share, followed by Pepsi-Cola with 27.4, and the new Dallas-based Hicks & Haas combination of Dr Pepper, Seven Up (U.S. holdings), and

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A&W Brands, 13%.

"The past year has been one of upheaval in the soft drink industry, but we feel we are on the move. Diet Rite has been a good performer. The Salt-Free version has shown good growth, too," says Ron Corin, vice president-marketing, Royal Crown Cola Co., which has been running a "Some people will go out of their way to get the taste of RC" campaign created by Dancer Fitzgerald Sample.

Newest product for Royal Crown is its Nehi Froot, reviving the Nehi name, a long-term label for the company. Nehi Froot joins the highly competitive real-juice field, containing 25% of the real thing in its formula, and available in four flavors: Grape, pink grapefruit, orange, and lemon lime. It was introduced in Baltimore this August.

Royal Crown Cola brand advertising of $8.6 million in 1985, up 18%. Of the total, $3.5 million was spent on Diet Rite brands, fell 14.6% from 1984. The caffeine-free RC-100 line, which was backed with spending of $1.5 million in 1984, did not appear in the measured totals for 1985.

Adams Packing, which supplies the food service industry with packaged citrus concentrates, has introduced an all-Florida Valencia orange concentrate in six-packs of 96-ounce bottles—a contrast, Adams says, to the imported Brazilian orange mixture now supplied by major U.S. juice companies. Adams' retail division product lines of white and pink frozen lemonade concentrate will be augmented Jan. 1, 1987, by its new frozen grape concentrate. Adams food service division buys print trade advertising only; the retail division says it spent about $100,000 on tv advertising in 1985.

Other Chesapeake Financial companies are not major advertisers. They include Frederick Cooper Lamps Co., Chicago, maker of free-standing lamps; Athens Furniture Co., Athens, Tenn., markets bedroom and occasional furniture; Hoyne Industries, McDonough, Ga., producer of mirror products, and Couroc Inc., a maker of giftware and ad premium specialties, and Houze Inc., which manufactures decorative mugs.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$528	$6
Newspaper	2,811	0
Network tv	7,364	4,424
Spot tv	16,910	18,106
Spot radio	1,038	0
Network cable	108	4
Outdoor	512	498
Total measured	29,271	23,037
Unmeasured	33,000	25,972
Total	62,271	49,009

CHESAPEAKE FINANCIAL CORP.
P.O. Box Drawer K
Miami, Fla. 33441
(305) 866-7771
ADAMS PACKING ASSN.
Auburndale, Fla.
Marketing Personnel

John Wise, genl mgr
Dub Majors, vp-retail sales
Jack Story, vp-food service sales

Advertising Agency

Pearson, Thomas, Levy, King & White, Tampa-St. Petersburg, Fla.—Adams Packing food service div—Joe Magilligan, vp-acct exec.

FREDERICK COOPER LAMPS CO.
Chicago, Ill.
Marketing Personnel

Leo Gershanove, president
Suzanne Loren, dir-prod devel

Advertising Agency

Sander Allen, Chicago—Sander Allen, president.

ATHENS FURNITURE
Athens, Tenn.
Marketing Personnel

Hubert Thomas, president
Pete Stied, exec vp-sales & merch
Ray Cranfield, sales mgr
Jerald Harrington, sales mgr

HOYNE INDUSTRIES
McDonough, GA.
Marketing Personnel

Ronald Greenberg, president
Kenneth Nagin, exec vp-sales, mktg
Darryl Hower, natl sales mgr—mirror prods
Richard Tipton, natl sales mgr-Courac Inc., giftware, ad specialties, & Houze, Inc.-decorative mugs

ROYAL CROWN COLA CO.
Rolling Meadows, Ill.
Marketing Personnel

J.M. Harrelson, exec vp
Ron Corin, vp-mktg

Advertising Agency

Lancer Fitzgerald Sample, New York—RC Cola, Diet Rite, Nehi beverages—Robert Weekes, exec vp-mgmt dir; Thomas Burke, exec vp-mgmt dir; Steven Farley, sr vp-mgmt super.

ARBY'S INC.
Atlanta, Ga.
Marketing Personnel

Len Roberts, president
Frank Belatti, group vp
Lawrence M. Krueger, sr vp-mktg
Thomas Y. Whitely, Jr., vp-mktg

Advertising Agency

Backer & Spielvogel, New York—Arby's system adv—Randy Lindel, sr vp; Phoebe Moore, acct exec.

Chevron Corp.

RANK **170**

San Francisco

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	43,845	46,173	(5.0)
Net income	1,547	1,534	0.8
U.S.	**1985**	**1984**	**% chg**
Sales	30,253	29,953	1.0
Operating profits	1,404	991	41.7
Advertising	46	43	7.2
Division sales	**1985**	**1984**	**% chg**
Petro. prods.	27,817	27,880	(0.2)
Chemicals	2,077	1,824	13.9
Minerals	359	269	33.5

Strategic repositioning has been in the forefront of Chevron marketing efforts since its acquisition of Gulf Corp. in 1984. Despite internal reorganization of the company and government-mandated divestitures, the merger appears to have paid off.

Chevron had total measured advertising expenditures (including those of Gulf Oil Corp.) of $31.4 million in 1985, up 6.7% from 1984.

The merged companies entered 1986 as a single corporate entity, shifting concentration to locations with economic and population growth and favorable supply capabilities.

Chevron USA Inc. became the principal operating company, mainly made up of domestic petroleum and worldwide chemical operations and the former Gulf foreign petroleum operations. Another major company in the new corporate structure is Chevron Chemical Co., which broadened its product line and internal sources of raw materials. This growth came from Gulf's chemical operations, which nearly doubled the size of Chevron Chemical. Each had sales of more than $1 billion in 1985.

The main thrust of the Chevron gasoline marketing effort in the U.S. continues to be the $600 million remodeling and modernization program for service stations. Gasoline-dispensing facilities have been increased at all renovated units, and average monthly gasoline volumes at these stations are said to be up substantially. Service bays, car washes and/or food marts have been added at some of the stations, depending on local market conditions.

Symbolic of the Chevron/Gulf merger was the co-branded credit card supplied to 4 million customers in "retained" Gulf areas, principally Arkansas, Louisiana, Maryland, Texas, Virgina and Washington, D.C. Issued at year's end, the cards feature Chevron and Gulf hallmarks. No changes were made in the new cards mailed to current Chevron credit customers. The company now has more than 9 million credit accounts. The co-branded card is another sign of the ongoing task of integrating Gulf's marketing practices with Chevron's. The "Gulf's got it all" tv promotion, launched in the fall, embraced important elements of Chevron's successful "Yes. The best" campaign, including cash and credit purchase options.

Chevron puts its main thrust behind its gasolines, both Chevron and Gulf brands. A major study, begun at the end of 1985, is looking into consolidating the Chevron/Gulf product lines, especially motor oils.

Chevron unleaded gasoline containing Techroline continues to be used by all four major U.S. auto makers in the Environmental Protection Agency's 50,000-mile emission system durability tests, a sales point not overlooked in Chevron ads. This patented Chevron additive also is packaged in concentrated form and sold as Techron. Several domestic and foreign auto marketers and their dealers reportedly are stocking and recommending Techron to their customers. The company reports combined sales to these customers, and Chevron/Gulf marketers nationwide shot up more than 500% in 1985.

For 1986, Chevron introduced Aug. 25 a new "Yes, the best" campaign for its Techroline brand in 50 markets, giving the comparable Gulf product equal treatment set to a theme of "Unlock the power" that broke in 15 southwestern markets Aug. 11. Both had the backing of heavy spot tv, radio and full-page newspaper ads that had three insertions during the introduction.

The "Yes, the best" campaign was developed for Chevron by J. Walter Thompson USA, while Gulf's "Unlock the power" effort was produced by Young & Rubicam, both San Francisco-based agencies.

The regional nature of Chevron's gasoline marketing means the company relies on a mix of tv and radio support, dominated in 1985 by a measured outlay of $11.1 million for spot tv and $9.6 million for spot radio, which accounted for about two-thirds of the company's $31.4 million measured ad budget, according to Leading National Advertisers. Chevron's own estimates, however, place spot tv at $20 million and spot radio at $1.6 million. Network tv, measured at $1.4 million for 1985, is bought only when it can be used on a regional basis.

Chevron is heavily into sports programing in all of its key markets, sponsoring 21 professional teams in the National Football League, National Basketball Assn. and Major League Baseball.

To meet Federal Trade Commission requirements for the merger, Chevron sold hundreds of service stations and entered into numerous deals that helped reduce the $13.3 billion cost of the merger and total indebtedness of $15.5 billion—$10.3 billion of it borrowed—to $9.4 billion by year's end.

Among the deals that made the massive debt reduction possible, included the $2.1 billion sale of Gulf Canada Ltd. to Olympia & York, Toronto.

The FTC-mandated actions included the sale of certain Gulf southeast U.S. refining and marketing assets for $582 million, Gulf's interest in Colonial Pipeline and 51% of its interest in the West Texas Gulf Pipe Line for $130 million and $18 million, respectively. The company also sold its interest in two oil producing fields for $360 million and $396 million.

At the time of the acquisition, the largest in U.S. history, both Chevron's new Richmond Lube Oil plant and Gulf's modernized lube oil facility at Port Arthur, Tex., were coming on stream. In less than a year, Chevron shifted from a net purchaser of lube base stocks to a net seller, with the second largest U.S. manufacturing capacity.

By the end of 1985, Chevron's total assets stood at $38.9 billion and it ranked as the fourth largest U.S. petroleum company, based on revenues, and one of the 10 largest U.S. industrial companies.

In the U.S., Chevron ended the year as the fifth largest producer of crude oil, the second largest producer of natural gas, the largest manufacturer of refined products and the largest marketer of petroleum products. Based on revenues, the company's chemical operations rank among the 20 largest in the country.

The year ended with the sale of 500 company-owned Gulf and Chevron service stations in 10 northeastern states. The sale to Cumberland Farms, a convenience store chain based in Canton, Mass., also included supply contracts to 3,400 independently owned Gulf and Chevron stations and 20 distribution terminals in those states.

In 1985, Chevron's Public Affairs Dept. launched a new corporate ad program, initially aimed at California audiences. Created with a "People Do" theme, the tv commercials and print ads, out of J. Walter Thompson USA, San Francisco, demonstrate the company's efforts to protect the environment.

At Chevron Chemical Co., Gulf personnel and resources blended smoothly with essentially no overlap between the two companies. Merger problems there reportedly have been minimal, although the advertising department still is restructuring.

Like its gasoline and oil marketing counterpart, Chevron Chemical also has been repositioning itself in the marketplace by moving away from direct sales of low-value commodity chemicals and toward using those chemicals in high-value specialty products. Aromatics, a family of chemicals derived from crude oil, now are being upgraded into more profitable chemicals such as cumene, used in a variety of consumer products.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,157	$4,680
Newspaper	2,489	2,994
Newsp. supps.	153	85
Bus. pubs.	1,431	989
Network tv	1,439	412
Spot tv	11,111	11,993
Network radio	42	0
Spot radio	9,688	5,920
Network cable	65	677
Outdoor	105	46
Farm pubs.	1,794	1,556
Total measured	31,472	29,352
Unmeasured	15,000	13,989
Total	46,472	43,341

CHEVRON CORP.
225 Bush St.
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(415) 894-7700
CHEVRON CHEMICAL CO.
San Francisco, Cal.
Marketing Personnel

Bob Dennison, vp-genl mgr, Ortho agricultural chemicals div
Jim Lieto, vp-genl mgr, Ortho consumer prods div
Tom Graham, adv mgr, Ortho consumer prods div (home, lawn & garden chemicals)
Phyllis McCabe, adv specialist, Ortho agricultural chemicals div (pesticides)
Cynthia Forbes, mktg specialist, Ortho fertilizer div
Bill Shewry, merch mgr, consumer prods div

Advertising Agency

McCann-Erickson, San Francisco—all divs—Tom Dreese, sr vp-acct super, consumer & agricultural products divs; Jeff Kaiser, vp-acct super, consumer prods.

CHEVRON U.S.A. INC.
San Francisco, Cal.
Marketing Personnel

L.L. Taigen, vp-mktg
D.C. Smith, genl mgr-mktg
Jim Gordon, mgr-adv & promo
Jim Pivarnik, media dir

Advertising Agencies

J. Walter Thompson USA, San Francisco—Chevron brands—Michael Goefft, acct dir; Dennis Flynn, mgmt super; David Soblin, mgmt super-public affairs.

Young & Rubicam, San Francisco—Gulf brands—Gene Hart, acct mgr; Terry Thomas, acct super.

Ciba-Geigy Ltd.

RANK **154**

Basel, Switzerland

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	7,319	7,019	4.3
U.S.	**1985**	**1984**	**% chg**
Sales	2,383	2,380	0.1
Advertising	52	42	22.6

Ciba-Geigy in 1985 began rebuilding its advertising budget that dipped with its sale of Airwick in 1984, with the acquisition of a soft contact lens line. The company also continued to develop its transdermal technology, adding a skin patch for menopausal relief to others already used to relief angina and motion sickness symptoms.

The U.S. division, Ciba-Geigy Corp., Ardsley, N.Y., had sales of about $2.4 billion for 1985, making it nearly a third of the parent's business.

The U.S. organization's total measured spending of $25 million in 1985 was up 23% from 1984. The loss of Airwick backing in late 1984, when Ciba-Geigy sold the business, cut $6.6 million from total Ciba-Geigy U.S. measured spending. Softcolors soft contact lens spending was off 72.7%, to $2.04 million from 1984. Spending on Acutrim appetite suppressant eased off just 4% to $9.8 million.

Ciba-Geigy's ad expenditures for agricultural and chemicals increased 6%, to $7.04 million in 1985. For Ciba-Geigy's Agricultural Division, Martin Williams Advertising, Minneapolis, created a series of three 60-second tv commercials headed, "Don't Take Agriculture for Granted," and dealing with farm failures in a positive, sympathetic way.

Contributing to an estimated $25 million in unmeasured advertising in 1985, is the company's promotion of citrus-flavored vitamin C tablets in Sunkist-branded foil packets (under license agreement) through grocery outlets—timed for the 1986-87 winter cold/flu season.

Ciba-Geigy Corp., active in acquisitions, bought the contact lens and lens-care product business from American Optical Corp. in 1985. The business brought American Optical $33 million annually. The company joined with Corning Glass Works, Corning, N.Y., to form a 50/50 joint venture in the diagnostic-preparation market, a field Ciba-Geigy has coveted for some time. Headquarters are in Medfield, Mass.

The Dyestuffs and Chemical division purchased Commonwealth Laboratories, Gloversville, N.Y., supplier of chemicals to the leather industry. In California, the Plastics and Additives division bought Panel Air Corp., Costa Mesa, Cal., which fabricates composite-material aircraft components.

Ciba-Geigy in July became the largest single shareholder in Spectra-Physics, a San Jose, Cal.-based laser company, buying 16% of its shares for $32.2 million and planning to invest another $5 million in its R&D.

Transdermal (through-the-skin) technology at Ciba-Geigy Pharmaceutical added Estraderm as a new prescription product in September, 1986. Under the new technology, Estraderm, a substance to ease menopausal symptoms, is impregnated in an adhesive patch placed on a woman's abdomen.

In early, 1986, Ciba-Geigy's appetite suppressant Acutrim, had a contentious encounter with Thompson Medical's Dexatrim over claims that Acutrim was better therapeutially and also that its line extension, Acutrim II, gave the dieter longer lasting effect, 16 hours, than Thompson's extension, Dexatrim-15, which claimed an hour less. A federal court enjoined both companies from further distribution of their extensions until modifications were made. Ciba-Geigy met the requirements of the order by modifying its labeling. Acutrim II is back on the market.

Worldwide, the company's biggest pharmaceutical seller is Voltaren, an antirheumatic and analgesic for arthritis treatment. Voltaren, said to be one-third of the Pharmaceutical division's international sales, is now up for FDA approval, which the company hopes will come in early 1987.

Major changes in Ciba-Geigy U.S. leadership came in April, 1986, as longtime chairman-ceo Otto Sturzenegger, 60, and president-coo, A.M. MacKinnon, 61, made a planned transition to retirement. Richard Barth, 54, became the new president-ceo, and Charles O'Brien became executive vice-president-coo.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,199	$2,443
Newspaper	135	670
Newsp. supps.	0	123
Bus. pubs.	1,242	746
Network tv	8,994	6,401
Spot tv	3,921	113
Network radio	777	2,548
Spot radio	1,388	643
Network cable	239	14
Outdoor	7	5
Farm pubs.	7,040	6,630
Total measured	24,943	20,337
Unmeasured	27,000	22,014
Total	51,943	42,352

CIBA-GEIGY CORP.
Saw Mill River Rd.
Ardsley, N.Y. 10502
(914) 478-3131
PHARMACEUTICAL DIVISION
Marketing Personnel

Paul Baehr, sr vp-mktg
Bill Hackett, exec dir-adv & sales promo

Advertising Agencies

(In-house) C&G Advertising Agency, Summitt, N.J.—Bill Hackett, president.

Foote, Cone & Belding Communications, Chicago—Dave Haan, vp-acct sir; John Malkin, acct exec.

William Douglas McAdams Advertising, New York—Lloyd Wohlner, acct super.

AGRICULTURAL DIVISION
Marketing Personnel

Leo Bontempo, vp-mktg
Phil Koch, dir-comm
Jim Palmer, dir-adv, promo & publcity

Advertising Agencies

Ketchum Advertising, San Francisco—insecticides, fungicides, herbicides—Jeff Manning, sr vp-group dir; Steve Pickford, vp-acct super; Norma Rivera, acct exec; Claudia Camp, acct coord.

Martin Williams, Minneapolis—herbicides, fungicides—Gerry Kleckner, vp-mgmt super; Tim Burke, acct super.

RANK
137

Citicorp

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	8,476	6,619	28.1
Net income	998	890	12.1
U.S.	**1985**	**1984**	**% chg**
Sales	4,843	3,556	36.2
Operating profits	463	367	26.2
Advertising	61	46	33.9
Division sales	**1985**	**1984**	**% chg**
Net interest revs.	5,446	4,319	26.1
Fees/other	3,030	2,300	31.7

Citicorp, by far the largest U.S. commercial bank with $174 billion in assets, is infusing considerable advertising dollars into expanding its consumer credit card and travel and entertainment card business.

The company suffered a decline in earnings through the first half of 1986, but in the third quarter earnings grew 9% from the year-earlier period paced by its consumer operations, particularly its credit card business, its increased share in the New York branch system, and the writing of new mortgages. Consumer loan write-offs totaling $235 million, however, grew by 51% from the 1985 period.

The first half drop, according to Fred Meinke, vp E.F. Hutton, New York, is largely because Citicorp, criticized for having too small a loan reserve, is building that reserve and taking from monies that would have ended up on the bottom line.

Measured advertising rose accordingly. Expenditures of $61.3 million were up 88.6% from $32.5 million in 1984.

In 1985, Citicorp spent $17.2 million for network tv—its largest single media expenditure—to promote its Citibank-inscribed MasterCard and Visa credit cards. The advertising was part of a strategy to transform Citicorp into a nationwide, and even global, consumer bank.

Citicorp has passed BankAmerica as the leading issuer of bank cards, with 17.5 million Citicorp cardholders worldwide. (Bank credit cards are owned by the issuing bank, not the credit card association, such as MasterCard International or Visa Inc.) BankAmerica has 12 million Visa and MasterCards.

Citibank's credit card tv campaign featured six-week network flights in each quarter of 1985, stressing consumer benefits such as discounted general merchandising connected with its Visa and MasterCard credit cards. Produced by Marschalk Co., Citibank's agency, the 30-second spots featured humor and celebrities to push the cards' CitiDollars merchandising program, with the tag line, "The bank that makes them better." Under the CitiDollar program, cardholders accumulate points based on charge volume that can be applied toward purchase of merchandise every quarter from a catalog.

Citicorp spent $2.4 million in 1985 advertising its Choice credit card—all but $3,500 of it on spot tv—and another $7.5 million in magazine and spot tv advertising for its Diners Club credit card, which it bought in 1981. The big push for Diners Club, however, was more than $25 million in direct marketing expenditures during 1985.

Citicorp's Carte Blanche credit card, purchased in 1978, is trying to get respect this year with a $2 million tv campaign, featuring Rodney Dangerfield, supported by an outdoor ad campaign.

Analysts say Carte Blanche and Diners, known as travel and entertainment cards as opposed to charge cards, have improved their performance and are money makers, but they are distant followers to American Express.

Citicorp's 47-year-old chairman, John S. Reed, took over in the fall of 1984 from his predecessor, Walter B. Wriston, and has kept a low profile, unlike the company he directs. In 1985, Citicorp expanded its assets $23 billion, bought or moved to buy banks in Arizona, Utah and Nevada, and purchased commercial and investment banks in England, France, Chile, Norway, Nigeria, Italy, Canada, Belgium, Japan, Ireland, Thailand, and Australia, as well as obtaining licenses to operate in Sweden, Portugal and Australia. Citibank also has opened a Peking office.

But Citicorp, which is trying to expand its investment in the electronic information field, spent $680 million in acquiring in June, 1986, Quotron Systems, a Los Angeles-based electronic stock quotation service. Merrill Lynch and Dean Witter Reynolds, both Citicorp competitors, balked at leaving Quotron if the merger went through, but didn't follow through.

Despite an over-all good year in 1985, Citicorp had a relatively poor fourth quarter, with profits falling 12% from the fourth quarter of 1984.

Citicorp divides its business into an Institutional Bank, its commercial banking operation; the Investment Bank, which handles securities, foreign exchange and money market activities, and its Individual Bank, the retail banking operation.

Citicorp reorganized those three core businesses in 1985, moving money market and foreign exchange trading activities into the Investment Bank and integrating U.S. branch and card product activities within the Individual Bank.

In 1985 measured advertising, Citicorp spent $5.6 million promoting Citibank and its services, down from $9.5 million in 1984.

Citicorp spent $17.2 million in 1985 on network tv, $11 million on spot tv, $10.7 million in magazines, $2.8 million on spot radio, $416,000 on network cable, $391,000 on newspaper supplements and $50,000 on outdoor ads.

In 1984, expenditures were $3.9 million in network tv, $20.5 million for spot tv, $5.7 million for magazines, $1.6 million for spot radio, $209,000 for outdoor and $175,000 for network cable.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$10,719	$5,706
Newsp. supps.	391	128
Bus. pubs.	1,022	378
Network tv	17,174	3,845
Spot tv	10,952	20,495
Spot radio	2,778	1,558
Network cable	416	175
Outdoor	50	209
Total measured	43,502	32,494
Unmeasured	17,835	13,322
Total	61,337	45,816

CITICORP
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Marketing Personnel

Philemon Hoadley, dir-adv, Citicorp
Elizabeth Heller Allen, dir-mktg, Citicorp Investment Bank
Stewart Rose, dir-adv, Citibank MasterCard & Visa
Bruce Gooden, dir-mktg, Diners Club
Margaret Alton, dir-mktg, CHOICE
Nancy Kouser, dir-mktg, Citicorp Services
Roberta Arena, dir-mktg, Citicorp Savings of Illinois
Nicholas Castaldo, dir-mktg, Citicorp Savings of Florida
Ron Vanacore, dir-mktg, Citicorp Savings of Washington D.C.

Advertising Agencies

Foote, Cone & Belding Communications, Chicago—Diners Club card U.S., Carte Blanche card, Citicorp traveler's checks, new prods—Bill Melzer, sr vp-group acct dir; Dale Smith, vp-acct dir; Beryl Schnierow, acct exec.

Foote, Cone & Belding/Leber Katz Partners, New York—Citicorp CHOICE, Citicorp Northeast Exchange, Citicorp Florida, Citicorp Focus, Citicorp Maine, Citicorp Maryland, Citicorp Washington D.C.—Chip Evans, sr vp-group mgmt dir; Cynthia Perry, vp-mgmt dir; Connie O'Brien, Mark Sticht, vps-acct dirs; Tony Stanol, acct dir; Jose Banzon, Joan Levine, acct execs.

Lowe Marschalk, New York—Citibank MasterCard, Visa card—John Oliver, sr vp-mgmt services dir; Jim Chandler, vp; Lynn Friedman, acct coord. Preferred Visa—Susan Wolfe, acct exec. Better Bankcard—Jim Keenan, acct exec.

N W Ayer, New York—Citicorp banks of U.S., Citicorp Savings of Illinois—Jim Signorelli, acct super. New York banking div—Philippa Muir, managing super; Linda Stack, Jack Rayher, acct supers. Natl adv—Anita Stewart, acct exec.

Smith-Greenland, New York—Citicorp Investment Bank—Bert Rosenberg, exec vp; Beth Granowitz, acct exec.

RANK
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Coleco Industries

West Hartford, Conn.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	776	775	0.1
Net income	83	(80)	(203.9)
U.S.	**1985**	**1984**	**% chg**
Sales	716	708	1.1
Operating profits	115	66	75.0
Advertising	58	54	7.2
Division sales	**1985**	**1984**	**% chg**
Toys	720	676	6.5
Electronics	56	99	(43.4)

Coleco Industries, dominated by its Cabbage Patch Kids line of adoptable dolls, has been acquiring other toy and games lines in addition to introducing several new products in 1985 and 1986 to combat one-dimensionality and make up for the loss incurred in 1984 with the demise of the company's electronics division.

In 1985, Coleco earnings were $64.2 million, up from a loss of $79.8 million in 1984. Sales, however, remained flat at $776 million, up from $774.9 million. In 1986, the slump in sales of Cabbage Patch Kids has produced companywide six-month sales of $241.2 million, down from $382.1 million, and net income of $6.8 million, down from $52 million.

The company warns that returns for the final six months will be substantially lower than 1985 because of acquisitions, lower Cabbage Patch Kids sales and costs related to building research and development and acquiring licenses and product lines.

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NY State 212-957-8520

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Telemarketing, Inc.
555 West 57 Street, New York, NY 10019

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Coleco's consumer electronics division generated sales of $56.2 million for 1985 and incurred an operating loss of $38.5 million, nearly all attributed to ColecoVision. During the course of the year, all Adam and ColecoVision inventory was sold, completing the discontinuation of those product lines.

Cabbage Patch Kids were introduced in June, 1983, and for the past three years have been named the top toy by Toy Manufacturers of America, New York. In 1985, the adoptable dolls' sales increased to $600 million from $540 million in 1984. The doll has generated sales of $1.2 million since 1983.

In 1986, Coleco introduced Cabbage Patch Kids Circus Kids, dressed in brightly colored and fully detailed clown costumes, and Cabbage Patch Kids Baseball All-Stars, outfitted in officially licensed major league baseball uniforms.

Coleco went ahead with its Coleco Cabbage Patch Kids Young Astronauts line and introduced dolls dressed in authentically detailed space suits with helmets, boots and backpacks. The line was developed in cooperation with Coleco's corporate sponsorship of the Young Astronaut's Program—a nationwide school program mandated by President Reagan to intensify children's interest in math, science and the U.S. space program.

In 1986, the Cabbage Patch Kids line also included dolls with new faces, cornsilk hair, dimples, double chins and tongues that stick out. Some of the new dolls also have either a left or a right hand that is capable of holding an accessory. Twelve-inch Cabbage Patch Kids Babies, Cabbage Patch Kids Preemie Twins and Baby Koosas were also added to the line.

Despite their No. 1 status, Cabbage Patch Kids sales have so far dropped in 1986 by 45%, with industry sources predicting sales to be $450 million at the end of the year.

To boost awareness of the dolls, Coleco switched the $14 million Cabbage Patch Kids account in July, 1986, to Bozell, Jacobs, Kenyon & Eckhardt from Richard & Edward's, both New York, citing a need for a fresh approach.

BJK&E at that time picked up an additional $10 million in business from Coleco for the Selchow & Righter (formerly at Jordan, Manning, Case, Taylor & McGrath, New York), Furskins (formerly at Richard & Edward's), Play & Learn Electronics (formerly at Richard & Edward's), ALF and UBI lines.

Richard & Edward's remains Coleco's agency of record, handling $25 million worth of new product assignments and media buying for the company in 1987. In addition to losing the Furskin, Cabbage Patch Kids and electronics lines, however, Richard & Edward's also lost the Rambo and Wrinkles lines to Scott Lancaster Mills Atha, Los Angeles. Estimated billings for these accounts is $25 million, but will jump to a total of $75 million at BJKE, SLMA & R&E's in 1987.

Coleco this July 1 completed the $75 million purchase of privately-owned Selchow & Righter game company, makers of Scrabble and Trivial Pursuit. The division this year will introduce "The World According to UBI"—a trivia game that will send players around the universe in search of answers. BJK&E broke on Nov. 3 a teaser tv campaign in Boston, New York and Philadelphia introducing the game to college-age audiences. A preliminary print campaign broke in Los Angeles at the same time.

Lorimar-Telepictures, Culver City, Cal., in July awarded licensing to Coleco for an ALF line of talking, nontalking and plush dolls. Coleco will also introduce next year board games, ride-on toys and pool accessories based on ALF—an alien from the planet Melmac that Lorimar introduced in September via an NBC-tv prime time sitcom. Tv spots for the plush version of ALF will break in mid-November following a test rollout in New York, Boston, Philadelphia, Washington and Baltimore.

In October, Coleco signed an international marketing, manufacturing and development agreement with Tokyo-based Tomy Kogyo Co., the largest privately-owned toy company in the world. Coleco also purchased the Tomy subsidiaries in the U.S. and Canada and will operate those facilities within the framework of Coleco's current operations in North America. Coleco will market Tomy's products under the Tomy brand name within these markets, but has the right of refusal for the North American market on all products, concepts and developments that Tomy creates or markets.

In 1985, Coleco purchased Leisure Dynamics (now Lakeside Industries Inc.) in order to manufacture Wrinkles plush dogs in the U.S. In addition to Wrinkles, which were named "toy of the year" in Canada in 1985, Lakeside manufactures Tubtown bath toys and board games including Aggravation, Perfection and Perquackey. Coleco in November will introduce an animated version of Wrinkles that is programed to talk when squeezed.

Also in 1986, Coleco introduced the Furskin bear collection, based on characters created by Xavier Roberts. Each of the eight bears wear distinctive country clothing and work boots.

Three Coleco toy lines have inspired animated tv spinoffs so far, Cabbage Patch Kids, Rambo and Sectaurs. "Rambo" is a daily afternoon strip, loosely based on Sylvester Stallone's movie character, while "Sectaurs" was a five-part cartoon "miniseries" last spring, both syndicated via Worldvision Enterprises, New York. The Cabbage Patch Kids cartoon was a yuletide special for the past two years on ABC, which does not list it for the coming Christmas season.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$53	$1,243
Newspaper	0	2,105
Bus. pubs.	39	122
Network tv	0	4,600
Spot tv	25,150	13,651
Spot radio	0	1,811
Network cable	2	102
Outdoor	103	0
Total measured	25,347	23,635
Unmeasured	33,000	30,771
Total	58,347	54,405

COLECO INDUSTRIES
999 Quaker Lane South
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Corporate Personnel

Arnold Greenberg, chmn-ceo
J. Brian Clarke, president-coo
Morton Handel, exec vp-corp devel
Alfred Kahn, exec vp-worldwide creative devel
Barbara Wruck, vp-corp comm

Marketing Personnel

Donald Taylor, exec vp-mktg
Robert Jackman, sr vp-mktg
Alan Fine, sr vp-prod mktg
Sheldon Bernstein, vp-prod mktg
Sy Gershberg, dir-adv & media
Marilyn Greenwald, mgr-licensor accts

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, New York—Gary Andrews, sr vp-acct group dir; Tom Stacey, acct super, Selchow & Righter; Carl Titelman, acct super, Coleco; Bill Appelman, exec vp-exec creative dir; Bob Feinberg, exec vp-creative dir.

Richard & Edward's, New York—Dick Schwarzchild, creative dir; Bob Sarra, acct super. Public relations—Ward White, president; George Nicholas, vp; Barry Miller, acct super.

Scott Lancaster Mills Atha, Los Angeles—David Mills, acct super; Steve Scott, Peggy Lancaster, Steve Jarvis, creative dirs.

RANK

Commodore International 158

West Chester, Pa.

($ in millions)

Worldwide	1986	1985	% chg
Sales	889	883	0.7
Net income	128	114	12.3

U.S.	1986	1985	% chg
Sales	356	380	(6.7)
Operating profits	N/A	N/A	N/A
Advertising	52	72	(27.9)

Commodore International entered 1986 with three new computers on the market, a new president and ceo, and a commitment to produce a profit, which it finally got in its fourth quarter of fiscal 1986—its first such gain in a year and a half.

The fourth quarter's $1.2 million in earnings, up from a loss of $124 million for the comparable period in 1985, on $208.6 million in sales, up 58.2%, offers at least a hint of light at the end of a tunnel. For fiscal 1986, ended June 30, Commodore suffered a loss of $127.9 million on sales of $889.3 million, compared with a loss of $113.9 million on sales of $883.1 million the previous year.

Earlier this year, the company's solvency came under question when it defaulted on its loan agreements. By late summer, Commodore still was in discussions with its lenders about restructuring long-term debt.

Commodore has yet to prove its ability to market to the business community. Its long-awaited and much-heralded personal computer, Amiga 1000, finally made it to market in September, 1985. Yet despite a $40 million, six-week campaign, $8.2 million of it in measured media, Amiga continued to be plagued by a lack of software support and a lukewarm response from the business community.

Still, as a number of analysts point out, the Amiga has a great deal going for it: Color graphics capabilities, stereo sound and animation, and other features originally available on equipment costing a great deal more than Amiga. Commodore officials have set their sights on the business and professional markets, as well as on the home computer buyer looking for a versatile personal computer.

"The Amiga is strangely positioned. It's too expensive for the home market, while the business market is not there," says Value Line Investment Survey analyst George A. Niemond.

Since the Amiga's introduction, the software situation has improved. The Amiga 1000 buyer's guide now lists more than 200 software programs, including the support of Microsoft Corp., a software developer. In addition, its 256K RAM (random memory) has a memory expandable to up to 8 megabytes, and Commodore is planning to market a "sidecar" attachment, pending FCC approval, to allow the Amiga to run software available for the IBM PC, although at 60% of IBM's speed. The sidecar is already available in Europe, where Commodore has a good following in the business community.

Although company officials decline to reveal the actual number of units sold, which Commodore had hoped would total 300,000 by September, its various promotions and price cuts may indicate sales are sluggish. In February, Amiga offered a 25% discount to college students and faculty on its $1,985 computer/monitor combination, while in April, a $3 million campaign announced a 40% price cut on the Amiga, paralleling similar moves by IBM and IBM clone manufacturers.

The Amiga was introduced in July, 1985, as "the first personal computer that gives you the creative edge" as well as "an unfair advantage" with ads using such creative notables as pop artist Andy Warhol and singer Deborah Harry.

If Amiga's overtures to the business world prove successful, it would place the computer in a growth area—high-performance personal computers that can be used by business. To reach corporate America, Amiga is distributed to more than 950 computer dealers on an exclusive basis, while Commodore's other computer models, the C-64 and the new C-128, are sold through mass merchandisers. By moving Amiga onto computer dealers' shelves, while keeping its other computers in the mass distribution arena, Commodore established the first two-tiered distribution system in the personal computer industry. Other computer manufacturers, like International Business Machines and Apple Computer, support only specialty retailers.

In spring, 1986, Commodore launched Amiga outside the U.S. and geared the launch toward the business community. Half of Commodore's over-all sales originate overseas. However, the increasing presence of Korean and Japanese IBM PC clones in Europe could hurt Commodore's sales there. In the U.S., Commodore is readying its unveiling of an upgraded line extension to the Amiga, the Amiga 2000, said to be "in advanced stages of development."

Whatever the future for Amiga, the company still needs to maintain dominance of the less-than-$500 home computer market. To that end, it introduced the Commodore-128 in August, 1985, supporting it with $4 million in measured ad spending during the remainder of the calendar year. Containing 128,000 bytes of memory, which is expandable to 512K, the C-128's advertising promises "A higher intelligence at a lower price" and compares the C-128 to Apple Computer's Apple IIc. Selling at between $300 and $700, the C-128 is reported to have done well in the U.S. Worldwide sales topped the 600,000-unit mark by June 1, 1986.

Commodore since has adopted an ad strategy that no longer pits its computers against the competition. The revised approach promotes the array of uses for a home computer, especially in such areas as home finance, education and telecommunications.

The C-128 is reported to be more profitable for retailers such as Sears, Roebuck & Co., K mart Corp. and Toys 'R' Us than the lower-priced models. Radio and print advertising in February promoted the C-128 in conjunction with an $80 offer that provided C-128 buyers with a free modem and a two-month trial subscription to Quantum Link, Commodore's on-line computer network that offers such services as news, at-home shopping and software sampling.

While the C-128 was making headway in the U.S. during 1985, Europeans and Canadians were introduced in April, 1985, to the Commodore PC-10 and PC-20 models. Targeted to the small business community, both are compatible with IBM PC software.

Commodore's home computer flagship product, the Commodore-64, which first appeared in 1983, continues to sell well in the lower end of the market. More than 6 million C-64s have been sold worldwide. An updated version, the C-64C, was introduced in June and is expected to take over the C-64's role as the world's best selling home computer, company officials say. Sales of the C-64 and Victor 20 benefited from $5.5 million in measured spending, down from the $24.2 million spent in 1984. Vic-20 production was stopped in 1984. The company continues to implement new programs to stimulate sales of its older products, even at reduced profitability, in order to generate much-needed cash.

Commodore has augmented its geographical presence and has improved its distribution system. The company now sells its products in 51 countries. In addition to purchasing new technology, such as its acquisition of Amiga Corp. in 1984, Commodore continues to strengthen its research and development budget, which totaled $46.5 million in 1985, up 15.4% from 1984.

Commodore spent $75 million on worldwide advertising in 1985, compared with IBM's budget of $450 million, Apple's $187 million and Tandy Corp.'s $77 million, according to Communications Trends' newsletter, "Computer Publishing & Advertising Report," Larchmont, N.Y.

Distribution has improved as a result of a restructuring of Commodore's sales organization into two divisions—the Consumer Systems division, responsible for the C-64 and the C-128, and the Business Systems division, created to service the new specialty retail store distribution systems for the Amiga 1000.

As of March, 1986, Commodore had only a 7% penetration of the business market, compared with Apple Computer's 27% and IBM's 62%, according to Mr. Niemond of Value Line. In the educational sector, Commodore accounted for 18% of school computer purchases, compared with Tandy's 17% and IBM's 4%. Apple holds the biggest portion of the K-12 audience, with a 54% share of the market.

In the over-all microcomputer market, IBM holds the greatest share, 28%, to Apple's 13.8% and Commodore's 6.7%. The microcomputer industry is suffering from a slowdown in U.S. economic growth, fierce competition and an over-all slump within the industry. Commodore's forte remains the home computer market, but its dreams for marrying Amiga with the business world continue.

The executive in charge of sales and marketing for the Amiga, Thomas J. Rattigan, became Commodore's president-ceo April 1. The former PepsiCo executive succeeded Marshall F. Smith, who remains a director and consultant to the company. Mr. Smith had succeeded the ousted founder of Commodore, Jack Tramiel, now president of rival computer maker Atari.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,769	$7,998
Newspaper	3,575	3,130
Bus. pubs.	471	524
Network tv	11,360	22,407
Spot tv	1,587	1,446
Spot radio	3,012	10
Network cable	841	0
Total measured	25,615	35,515
Unmeasured	26,000	36,049
Total	51,615	71,565

COMMODORE INTERNATIONAL
1200 Wilson Drive
West Chester, Pa. 19380
(215) 666-7950

Corporate Personnel

Thomas Rattigan, president-ceo
Nigel Shepherd, genl mgr—Commodore, N. America

Marketing Personnel

Frank Leonardi, vp-sales, business systems
Jon Winters, vp-sales, consumer systems
Clive Smith, vp-corp planning

Advertising Agency

Ted Bates Advertising, New York—Amiga, C-64, C-128, all prods—Mark Morris, exec vp; Ila Feld, sr vp-mgmt rep; Abe Gorelick, vp-acct super.

RANK

ConAgra Inc. 112

Omaha, Neb.

($ in millions)

Worldwide	1986	1985	% chg
Sales	5,911	5,498	7.5
Net income	105	92	14.8
U.S. advertising	69	67	3.1

Division sales	1986	1985	% chg
Arigculture	1,430	1,092	31.0
Trading	1,222	839	45.6
Prepared foods	3,259	3,568	(8.7)

ConAgra reduced its advertising spending during fiscal 1986, ended May 25, reflecting "a more normal level" of spending, says the company, which poured ad monies into its Banquet and newly acquired Armour processed foods brands the previous year.

ConAgra has three main businesses: Agriculture, commodities trading and processing, and prepared foods. In agricultural products, the company is the leading distributor of crop protection chemicals. It also produces and markets animal healthcare products.

ConAgra derives most of its sales and operating income from its prepared foods segment, which also receives nearly all the company's ad budget. Sales of the segment, which accounted for 55.1% of company sales in fiscal 1986, fell 8.7%, breaking a five-year string of increases. The segment's operating income rose 17.2%, to $180.6 million. The decrease in sales is due primarily to reduced sales in the red meat businesses.

Company brands account for the largest number of frozen prepared foods sold in the U.S. The unit also makes branded processed red meats, cheese and other dairy products and sells steaks and other premium food products through the mail.

To strengthen the division, ConAgra in June, 1986, bought RJR Nabisco's Del Monte frozen food operations for an estimated $65 million, gaining four successful brand names—Morton's, Patio and Award—and a Virginia base from which to tackle East Coast distribution. The company also gained the rights to the Chun King name for use on refrigerated products and frozen products, with an existing line of Chun King frozen products. RJR Nabisco retained those rights for canned and grocery products. All four brands reported 1985 sales of $150 million.

ConAgra has yet to assign an agency to the brands, but the assignment most likely will go to a shop already on its roster, an operating procedure followed by ConAgra in the past. The account is worth an estimated $15 million. RJR Nabisco had fired agency Lowe Marschalk, San Francisco, in March when it began contemplating the sale of the Del Monte line.

Advertising on established Banquet frozen food brands dropped 20% last year, to $6.3 million. Most of that was spent on Light & Elegant reduced-calorie frozen entrees, which received $5.9 million in ad support in its first year of national distribution, up 93%. ConAgra spends heavily on promotions, mostly coupon tie-ins with related brands and in-pack give-aways for its frozen food lines.

Last year, the company added 55 new or restaged products. Among them were the four-item Banquet Mexican Dinners line, Side Dishes for One (a four-item line of single-serve side dishes), Banquet All White Meat Chicken Platters, flavored Chicken Nuggets and variety extensions for the Classic Lights and Dinner Classics lines.

Introduced in February, 1986, was a Banquet Gourmet line, a group of popular-priced dinner entrees aimed at American Gourmet's Budget Gourmet line. Entrees come without the vegetable side dish and dessert.

ConAgra's Armour, Banquet, Light & Elegant and Singleton brands command a 14.9% share of the frozen dinner market segment, No. 3 to Nestle's (Stouffer's and Lean Cuisine) 25% share, and Campbell (Swanson and Le Menu) with 22%. The two leaders back their brands with $30 million each in measured support.

ConAgra continued to turn around its Armour division, purchased from Greyhound Corp. in early 1984. Armour added a number of new products, upgraded quality and improved consistency, according to a Dean Witter Reynolds Equity Research Report. Advertising for the Armour brand, both frozen and processed meats, remained steady at $17.1 million.

ConAgra spent at the national rate of $22.5 million to test a seven-item line of Armour Cafe Classics frozen breakfast meals in six markets. The breakfast line capitalizes on the fast-growing $93 million frozen breakfast category, dominated by Campbell Soup Co.'s Swanson's Great Starts brand.

In prepared meats, Armour added a line of lower-salt ham, luncheon meats, bacon and cheeses with 30% less salt than their regular brands. The line got $10 million in promotional and advertising spending.

Armour also added its first line extension from its Golden Star brand name (the leader in canned hams), testing Golden Star Deli Doubles luncheon meats in three cities in May, 1986. The product, which since has moved into about 10% of the country, was backed by spending equivalent to a $13 million national rate. The eight-slice package is sealed so every two slices are packed together to retain freshness. The company is testing additional items under the Golden Star name in Los Angeles.

ConAgra went retail with its Singleton brand of frozen fish products, until now produced for the foodservice industry. A four-item line of Five Star Restaurant Entrees was introduced into 25% of the country in May, 1986, backed by $300,000 in paid media spending.

ConAgra formed two new divisions last year, ConAgra Deli Co. and ConAgra Turkey Co., to cash in on the trend toward lighter, faster foods. ConAgra Deli introduced the World's Fare Deli brand, a 90-item line of deli case items in a range of meats and cheeses. The company reports another 50 items are in development. ConAgra Turkey Co. was formed by combining operations of ConAgra Poultry and Armour's turkey businesses. The company started with processed fresh and frozen turkeys and turkey parts but will introduce two consumer product lines in fiscal 1987.

In major agency shifts last year, Armour Frozen Foods in September moved the $15 million Dinner Classics, Classic Light and Cafe Classics account to Fallon McElligott, Minneapolis, from Bozell, Jacobs, Kenyon & Eckhardt, Dallas, only to shift the account back to BJK&E in April. The account then moved to D'Arcy Masius Benton & Bowles, St. Louis.

D'Arcy Masius Benton & Bowles, St. Louis, also ConAgra Frozen's lead agency, was given an estimated $17 million in network tv buying responsibility. ConAgra gained volume discounts by consolidating its buying with the estimated $75 million in network tv buying done for various clients by that D'Arcy office.

Campbell-Mithun, Minneapolis, and Foote, Cone & Belding, Chicago, joined the ConAgra agency roster last year. Both received unidentified prepared food new product assignments. Sources say the C-M assignment includes advertising for a new brand of premium frozen dinners and a related line of canned meats. The FCB assignment is for frozen dinners related to the company's new ConAgra Turkey Co., industry sources say. ConAgra declined comment on either assignment.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,808	$3,915
Newspaper	1,264	1,426
Bus. pubs.	340	130
Network tv	16,029	16,149
Spot tv	6,146	6,486
Network radio	4,141	2,871
Spot radio	151	11
Outdoor	85	18
Total measured	31,962	31,006
Unmeasured	37,000	35,893
Total	68,962	66,899

CONAGRA INC.
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Corporate Personnel
Charles M. Harper, chmn-ceo

Marketing Personnel
L. James Kennedy, vp-corp dir mktg

CONAGRA FERTILIZER CO.

Corporate Personnel
Jack Farmer, president
Jack Satterwhite, exec vp

Marketing Personnel
Floyd A. Johnson, adv mgr

Advertising Agency
John M. Rose, Knoxville, Tenn.—Jim Wyatt, president; Janie Petsuck, acct super.

CONAGRA DAIRY PRODUCTS CO.

Corporate Personnel
Bob J. Powdrill, president

Marketing Personnel
Glen M. Harless, vp, natl sales mgr, genl mgr-Food Oils
James W. Gardiner, mktg mgr

Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt—Dallas—David Hall, acct super.

CONAGRA FROZEN FOOD CO.

Corporate Personnel
Phil Fletcher, president
Scott Rahn, exec vp-genl mgr

Marketing Personnel
Ken Pond, sr vp-sales, retail
Don Granneman, vp-sales, new business channels
Carl Glass, vp-mktg services
Tom Studer, vp-mktg, Banquet/Morton brands
Kevin Connor, vp-mktg, Armour & New Ventures
Ken Colnar, dir-mktg, Mortan brands
Jerry McCann, dir-mktg, Single Serve prods
Wayne Altschul, dir-mktg, Multi-Serve prods
Darrel Bailey, dir-mktg, Specialty meats & snacks
Don Wheeler, dir-mktg, new prods
Tani Wolff, dir-mktg, Ethnic brands
Bob Wangerin, group prod mgr, Armour brands
Dave Scherpf, vp-R&D
Jeff Dean, dir-mktg rsch
Gene Powell, dir-package services
Pat Quarles, dir-Consumer Kitchens

Advertising Agencies
D'Arcy Masius Benton & Bowles, St. Louis—Jack Bruemmer, EVP dir-acct service; Rick Spatz, vp-mgmt super.
Foote, Cone & Belding, Chicago—Jim Cerasani, vp-acct services.

CONAGRA PROCESSED MEAT CO.

Corporate Personnel
Thomas J. Smith, president

Marketing Personnel
Frank Tobin, vp-natl accts
W. Donald Wallen, vp-mktg
Lloyd Williams, vp-mktg support systems
Tom Fleming, vp-mktg/sales, fresh meat
Donald W. Tamsen, dir-mkt services
P. Lin Gupton, sr prod mgr, smoked meats, sliced bacon
Dick Macartney, sr project mgr-hot dogs
Frank Hollister, prod mgr, semi-dry and dry sausage, refrig canned meats
Bill Keenan, mgr, military sales and mktg
Kyle Colerick, prod mgr-hot dogs
Henry Huelskamp, mgr-mktg rsch
Jeff Parker, dir-new prods
Barry Christman, natl sales mgr-frozen port meats
Jim Clemmons, genl mgr-frozen port meats
Orinda Tims, prod mgr-frozen port meats
Noel Ebrahim, prod mgr-lower salt prods
Rick Murphy, sales mgr-specialty sales
Jan Kruse, sales promo admin mktg services
Mike Laker, natl accts mgr-food service
Mark Rasmussen, mktg mgr-furth proc poultry

Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt—Dallas—David Hall, acct super.

CONAGRA FRESH MEATS CO.

Corporate Personnel
Alan Glueck, president

Marketing Personnel
Gary Becker, vp-operations

CONAGRA FLOUR MILLING CO.

Marketing Personnel
C. Robert Stephenson, vp-genl sales mgr

Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Omaha—Mark Stevens, acct super.

CONAGRA PET PRODUCTS CO.

Corporate Personnel
Patrick K. Stewart, president
Michael R. Leinen, exec vp

Marketing Personnel
Mark Long, mktg dir
Rose Anania, prod mgr
Donna Foster, adv-promo mgr

Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Omaha—Mark Stevens, acct super

CONAGRA POULTRY CO.

Corporate Personnel
George R. Haefner, president

Marketing Personnel
Tom Daw, vp-sales
Jerry Nelson, vp-mktg
Stewart Bridgforth, mktg mgr
Brian Cash, new prods mgr
Ken Brown, vp-sales units
Jay Dess, vp, genl mgr-foodservice

Advertising Agency
John Malmo Advertising, Memphis, Tenn.—Bob O'Connor, vp-acct super; Kathy Srygley, acct coord.

CONAGRA TURKEY CO.

Corporate Personnel
Louie Ayers, president

Marketing Personnel
David Palmer, vp-mktg

Advertising Agency
John Malmo Advertising, Memphis—Kristin Brettman, acct exec.

COUNTRY SKILLET CATFISH CO.

Marketing Personnel
Richard Stevens, genl mgr
Jack Perkins, dir-sales & mktg

Advertising Agency
Louis Benito Advertising, Tampa, Fla.—Peter Pluymers, vp-acct super.

HOME BRANDS CO.

Marketing Personnel
Bill Marsden, vp-genl mgr
Steve Moore, mktg mgr
Tom Sundquist, prod mgr

Advertising Agency
Ruhr-Paragon Advertising, Minneapolis—John Murtfeldt, group acct dir; Jim Mayer, acct exec.

NORTHWEST FABRICS

Corporate Personnel
L. Paul Cherrier, president

Marketing Personnel
Dave Stai, exec vp-mktg & business devel
Warren Weis, dir adv

Advertising Agency
Hiebing Group, Madison, Wis.—Ronan Hiebing, president; Wendy Meyers, acct exec; Doug McCoy, media buyer.

PFAELZER BROS. CO.

Corporate Personnel
Harry V. Hull, vp-genl mgr

Marketing Personnel
Susan Sellers, mktg mgr

SEA-ALASKA PRODUCTS CO.

Marketing Personnel
William P. Woods Jr., genl mgr-shellfish
Rod McLachlan, genl mgr-salmon/herring
Gordon L. Thomas, dir-mktg & sales-frozen

SINGLETON SEAFOOD CO.

Corporate Personnel
Jesse Gonzalez, president

Marketing Personnel
Dan Davis, vp-sales
Bill Henry, vp-retail mktg
Bill Lantz, dir mktg

Advertising Agency
Louis Benito Advertising, Tampa—Peter Pluymers, vp-acct super; Liz Locke, acct exec

UNITED AGRI PRODUCTS COS.

Marketing Personnel
Dean C. Moore, mktg mgr

CONAGRA DELI PRODUCTS CO.

Corporate Personnel
Jim Babka, president

Marketing Personnel
Jeanette Hall, dir-mktg
Diane Bang, mktg & sales expense coord

Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Omaha—Mark Stevens, acct super.

COUNTRY GENERAL STORES

Corporate Personnel
Bruce Wheeler, president

Marketing Personnel
Fred Kirst, vp-merch
Cathy Gade, adv mgr

U.S. TIRE INC.

Corporate Personnel
Harold Friend, president

Marketing Personnel
Bob McKay, vp-sales
Scott McIntyre, dir adv

Craftmatic/ Contour Industries

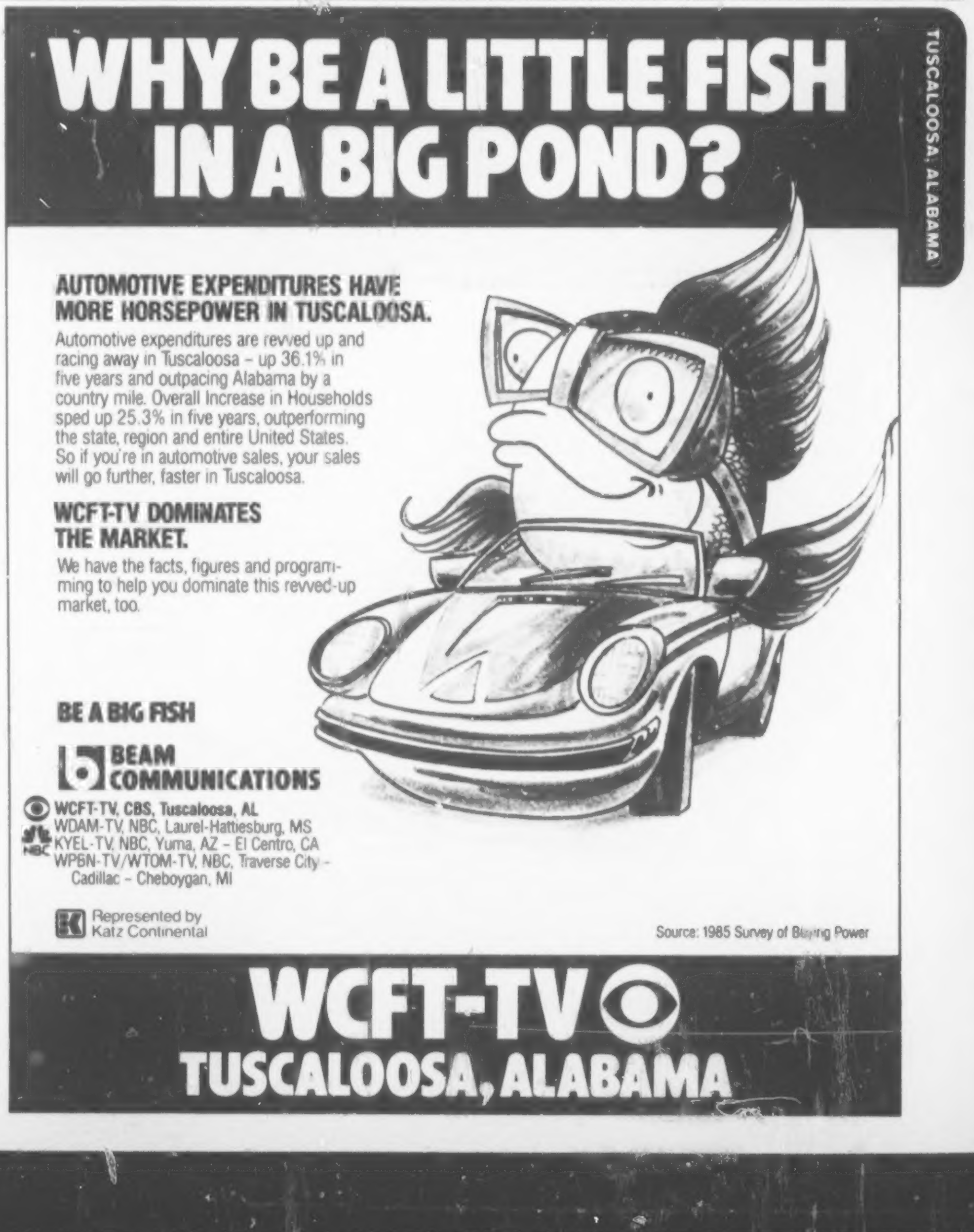
RANK **196**

Trevose, Pa.

($ in millions)

Worldwide	1985	1984	% chg
Sales	34,036	20,487	66.1
Net income	2,167	387	459.9
U.S. advertising	32	19	68.4

Craftmatic/Contour Industries, an entrepreneurial enterprise whose main business involves direct selling of adjustable beds and chairs, capped a record year in 1985 with a March, 1986, public stock offering.


WHY BE A LITTLE FISH IN A BIG POND?

TUSCALOOSA, ALABAMA

AUTOMOTIVE EXPENDITURES HAVE MORE HORSEPOWER IN TUSCALOOSA.

Automotive expenditures are revved up and racing away in Tuscaloosa – up 36.1% in five years and outpacing Alabama by a country mile. Overall Increase in Households sped up 25.3% in five years, outperforming the state, region and entire United States. So if you're in automotive sales, your sales will go further, faster in Tuscaloosa.

WCFT-TV DOMINATES THE MARKET.

We have the facts, figures and programming to help you dominate this revved-up market, too.

BE A BIG FISH

BEAM COMMUNICATIONS

WCFT-TV, CBS, Tuscaloosa, AL
WDAM-TV, NBC, Laurel-Hattiesburg, MS
KYEL-TV, NBC, Yuma, AZ – El Centro, CA
WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI

Represented by Katz Continental

Source: 1985 Survey of Buying Power

WCFT-TV
TUSCALOOSA, ALABAMA

For fiscal 1986, which ended Sept. 30, the company expects $45 million in revenue and $3 million in net income.

The company in 1986 added a pair of new products in regional distribution—York Security Systems' protective window cover, marketed in Philadelphia and New York, and American Aqua's water filtration system, under tests in Florida. Successful tests will lead to national rollout, where they will join Craftmatic/Contour's two nationally distributed products, the Craftmatic adjustable bed and the Contour chair lounge.

Craftmatic/Contour also added a spokesman to its pitches in 1986, with the October debut of Ed McMahon in Craftmatic bed spots.

During the past 12 years, the company has seen its sales soar from about $4 million annually, says Stanley Kraftsow, chairman and president of Craftmatic/Contour and the moving force behind the company.

Since 1966, he has transformed his father's Philadelphia retail distributorship of the Contour lounge chair—with store sales of about $160,000—into a direct response operation that boasted $23.4 million in measured advertising spending last year, according to figures compiled by Leading National Advertisers.

Total ad spending, estimated by ADVERTISING AGE, includes such costs as direct mail, toll-free telephone line service for direct response, dealer co-op, premiums and collateral.

Craftmatic/Contour moved into direct selling by changing their retail store in Philadelphia to direct selling in eastern Pennsylvania and expansion to Maryland, Ohio, and western Pennsylvania. In the mid-1970s, Mr. Kraftsow began selling adjustable beds designed for home use, setting up his own distributor network across the U.S. By 1977, bed sales had become so hot he moved out of chair sales. Eventually, he built his own bed manufacturing operation in suburban Philadelphia.

In 1983, Mr. Kraftsow decided to redirect his company's efforts. He sold the factory to concentrate on bed sales (rather than production) and purchased St. Louis-based Contour Chair.

By 1984, sales of the two products had jumped to $20.5 million, from $14.1 the year before.

The high ratio of media spending to net sales indicates the importance Mr. Kraftsow places on advertising. For 1985, the company spent $12.2 million on spot tv for Contour chairs. An additional $10.7 million in spot tv was purchased for Craftmatic beds. The beds also were supported with $17,600 worth of network tv time, $73,000 in newspapers and newspaper supplements, and $231,000 in consumer magazines.

Mr. Kraftsow says his approach to media placement is pragmatic. "We aren't going for Super Bowl prestige buys. We look for the most affordable time, and go by the costs per thousand," he says.

The targeted consumer is someone older than 35 with a bad back, he says. Publications used to reach that group include *Better Homes & Gardens, Good Housekeeping, Modern Maturity* and *Reader's Digest*.

If sales on the four products reach projections, within the next two years, Craftmatic/Contour Industries could top $40 million in advertising spending, Mr. Kraftsow says. "With the graying of America, the demographics are in favor of our success," he says.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$231	$600
Newspaper	54	6
Newsp. supps.	21	0
Network tv	18	0
Spot tv	22,976	13,267
Network cable	59	0
Total measured	23,359	13,873
Unmeasured	9,000	5,345
Total	32,359	19,218

CRAFTMATIC/CONTOUR INDUSTRIES
2500 Interplex Drive
Trevose, Pa. 19047
(215) 639-8720

Corporate Personnel

Stanley Kraftsow, chmn-president

Advertising Agencies

(In-house) EAK Advertising, Trevose, Pa.—Craftmatic adjustable bed, Contour chair lounge, York security system, American Aqua—Edith Lever, acct exec.

Corporate Media Buying

Corinthian Communications, New York—Craftmatic adjustable bed, Contour chair lounge, York security system, American Aqua—Larry Miller, president.

(In-house) EAK Advertising, Trevose, Pa.—Edith Lever, acct exec.

Response Advertising, Los Angeles—Contour chair lounge, Craftmatic adjustable beds, nationwide credit service, American Aqua, Castle security shutters, Pro-tec-to shutters, Sontegra suntanning equipment, Royal Palm Ranch, Logos Satellite dishes, Mai Basic 4—David Avrick, partner, direct mail; David Beach, partner, direct mail; Lance Douglas, partner, broadcast; Gary Masters, partner, broadcast; Ellen Brownstein, Lindsay Dyson, Mary Ann Kocian, broadcast acct execs.

Helene Curtis Industries

RANK **156**

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	361	329	9.6
Net income	9	1	671.6
U.S. advertising	52	62	(15.8)

Helene Curtis Industries, the nation's No. 2 haircare marketer, retrenched during fiscal 1986, putting most of its marketing emphasis on its Finesse and Suave lines.

The Chicago-based company succeeded in putting behind it its bad marketing experience with Atune, a haircare line formulated for colored, permanent-waved or damaged hair. In doing so, measured ad spending declined 24.2%, to $25 million, largely because of the drastically reduced Atune ad budget and the absence of a major new consumer brand introduction. In total, the company reported to the SEC it spent $43.3 million on advertising and promotions, down 15.9% from $51.5 million in 1984.

Helene Curtis sold its Protective Treatments sealants and adhesive subsidiary for about $12.5 million during fiscal 1986, ended Feb. 28. The sale was "consistent with the focus on long-term growth in the personal-care business," the company says.

Based on fiscal 1986's $8.9 million in earnings, company executives view the previous year's financial debacle, when earnings totaled only $1.2 million, as an aberration in the past five years' steady growth.

However, Atune continues to take its toll on Helene Curtis financial results. For the first quarter of 1987, ended May 31, the company reported a net loss of $800,000 from continuing operations, compared with a net loss of $1 million in the corresponding year-earlier period.

Net sales from continuing operations were $86.8 million, compared with $87.9 million the previous year. Flat sales were attributed to the continued decline in the performance of the Atune line. Although Suave and Finesse continued their strong business during the quarter, the two brands could not compensate fully for the decline in Atune.

The goal at Helene Curtis is to top 1984's record earnings of $10.4 million, when sales doubled to $330 million from the previous year. The company also wants to be large enough to absorb the cost of a new product introduction and still show a return on equity and sales.

By the time Helene Curtis introduced Atune into 1984-85's competitive haircare battles, at least five other major shampoo marketers, including Procter & Gamble, Gillette and Revlon, also had new brands entering the market. Helene Curtis' $18 million ad budget and $30 million promotional budget for Atune could not keep pace with the $25 million to $40 million spent by other companies.

Atune shampoo managed only an 0.8% market share of the $1.3 billion shampoo segment, while the conditioner posted a 1.3% share of the $525 million conditioner segment, as measured in supermarket dollar sales. In contrast, Cincinnati-based P&G's new Ivory shampoo grabbed a 5.7% share, while the conditioner pulled in a 6.4% share.

With its three brands—Atune, Finesse and Suave—Helene Curtis is the second-ranked haircare company with a 12.2% share of the shampoo market and a 20.3% share of the conditioner segment, following P&G, the market leader with a 29% shampoo share and a 10.4% conditioner share.

During the year, Helene Curtis repositioned both Finesse and Suave. Finesse, which holds a 9.7% conditioner share and a 4.2% shampoo share, has been restaged with a cleaner-rinsing formula. In early 1986, the line also was extended with the introduction of Finesse NutriCare, a shampoo, conditioner, glaze and mousse line for active women with heavily styled hair. Finesse Luminescent mousse with highlighters and extra control was introduced, furthering the brand's position as a styling aid.

An estimated $15 million ad campaign, handled by DFS Dorland Worldwide, New York, positioned Finesse NutriCare as the line that "helps protect and replenish hair's own natural moisture level as it restores resilience lost by overstyling."

Helene Curtis has mousse hair styling products under both the Suave and Finesse labels. In all, the company has a 13.4% share of the estimated $200 million market; Finesse mousse has a 5.6% share and Suave, a 7.8% share. In the estimated $530 million hair spray segment, the company in 1985 held a 6.4% share for Atune, Finesse and Suave hair sprays.

Suave, Helene Curtis' low-priced line, held its market position well, with a 7.2% shampoo share and an 8.3% conditioner share. Introduction of Suave Soft Highlights shampoo, conditioner and mousse added incremental sales to the Suave line.

Suave skin lotion, which holds an estimated 4.5% share of the $450 million skin lotion category, also was extended to include Suave Extra Relief formula, a nongreasy, extra-moisturizing lotion.

The company also introduced Post Impressions, a hair permanent for professional sale use, as well as Hair Specifics, a line of shampoo, conditioner, hair spray, mousse and permanent solutions for in-sale use. The line is sold through beauty supply wholesale shops.

Measured media spending for Finesse products in 1985 totaled $13 million, down 36% from 1984. Spending for Suave declined slightly to $7.2 million from $7.6 million in 1984. Atune received $7.8 million in measured media support, up 47%. About 90% of measured media spending on all products went for network and spot tv.

During the year, Helene Curtis rearranged its agency roster, moving Finesse from Backer & Spielvogel, New York, to DFS Dorland Worldwide, New York, which handled the declining Atune brand. Backer & Spielvogel continues to handle the Suave haircare and skin lotion accounts. HBM/Creamer Albert Jay Rosenthal, Chicago, handles advertising for the company's professional division.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,360	$1,637
Newsp. supps.	156	0
Bus. pubs.	0	28
Network tv	25,071	30,607
Spot tv	935	970
Network radio	429	0
Spot radio	13	52
Network cable	67	0
Total measured	28,032	33,294
Unmeasured	23,800	28,267
Total	51,832	61,561

HELENE CURTIS INDUSTRIES
325 N. Wells St.
Chicago, Ill. 60610
(312) 661-0222

CONSUMER PRODUCTS DIV

Corporate Personnel

Gilbert P. Smith, president
Robert M. Thomas, exec vp

Marketing Personnel

Robert Kelly, vp-sales
Bradford C. Kirk, group brand mgr
Kim W. Rue, group brand mgr
Gail Lanznar, mgr-mkt rsch
Kim Nikolaev, mgr-design

Advertising Agencies

Backer & Spielvogel, New York—Suave—Peter Hurley, sr vp-mgmt super; Joseph Bruce, vp-acct dir; Jennifer Hoadley, sr acct exec; Dan Merrick, acct exec.

DFS Dorland Worldwide, New York—Atune, Finesse—Robert Weekes, mgmt dir; Scott Rossborough, mgmt super; Linda Corbin, acct super; Betsy Barrett, acct exec.

PROFESSIONAL PRODUCTS DIV

Corporate Personnel

Rees Orland, president

Marketing Personnel

V. James Marino, vp-mktg & sales
Phil Kash, dir-mktg
Dan Schmitt, dir-mktg services
Robert Seidl, group prod mgr
Alex Holub, group prod mgr

Advertising Agency

HBM/Creamer Albert J. Rosenthal, Chicago—Albert J. Rosenthal, chmn; Si Dordick, president; Joe Foreman, vp; Debbie Lawrence, acct exec.

INTERNATIONAL DIV

Corporate Personnel

Michael Goldman, president

Marketing Personnel

Colin Morgan, exec vp
Margaret Bertrand, vp-mktg

Daimler-Benz A.G.

RANK **124**

Stuttgart, W. Germany

($ in millions)

Worldwide	1985	1984	% chg
Sales	17,494	14,522	20.5
Net income	582	369	52.4
U.S.	**1985**	**1984**	**% chg**
Sales	3,893	3,629	7.3
Advertising	65	52	24.9

Mercedes-Benz of North America, the U.S. sales and distribution subsidiary of Daimler-Benz A.G., Stuttgart, West Germany, deemphasized its diesel cars in marketing and advertising to meet market conditions in 1985.

The company, celebrating its centennial this year, produced 541,000 cars worldwide in 1985, of which 86,903 were sold in the U.S., an increase of 9.7% over 79,222 in 1984. By comparison, BMW sold a record 87,857 in the U.S. and Volvo sold 104,000.

Consolidated sales for Daimler-Benz rose 20.5%, to $17.5 billion, some $6.24 billion of that in West Germany, representing a 27% increase, the largest year-to-year increase of any geographic region even though over-all car sales in the FDR were down 1%. Worldwide, Daimler-Benz car sales grew 18%, to $9.21 billion, and commercial vehicles grew 7% to $6.54 billion.

Figures are based on an exchange rate of DM1=$.3338.

Exports accounted for 41.3% of Daimler-Benz' sales last year, up from 40% the year earlier. West German sales accounted for 35.8% of total sales, up from 33.7% in 1984, and foreign subsidiaries contributed 23% of sales, down from 26.3% in 1984.

Although the U.S. is Mercedes' largest single foreign market, imports accounted for only about 2% of all U.S. car sales in dollars last year. New car registrations in the U.S. in 1985 rose 6.3%, to 10.9 million, with imports accounting for 2.8 million, or 25.8% of the total—a gain of two percentage points from 1984. German imports—including Mercedes, Audi and BMW—accounted for 439,000 new car registrations, a 23% increase over 1984.

Mercedes puts its unit share of the $25,000-plus European import market at 48.6%; BMW, 19.9%; Porsche, 16.6%, and Jaguar, 12%. North American unit sales of Mercedes rose 2.9%, largely because of continuing heavy demand for S-class and SL-class models and the "Baby Benz" 190 compact series introduced in the U.S. in 1984.

Gasoline-powered car sales were up in 1985, while diesel sales declined 39%; Mercedes' share of the U.S. diesel market declined to 29%, from 49% in 1984. Daimler-Benz diesel car production was 181,357 in 1985, but over-all diesel share of total production dropped to 33.5% last year, from 35.1% in 1984.

As a result, diesels were further deemphasized in 1986 advertising, even though a new larger diesel is now available in the 190 line. Diesel car sales in 1985 were half the 1970s peak of 80% of production, and diesel engines are available in only 25% of this year's models.

Mercedes' biggest selling model in 1985 was its 190E 2.3 model, holding 25.7% of its sales with 22,320 sold. The 300D model was a distant second with 13,681 unit sales, accounting for 15.7% of 1985 sales. In seven media measured by Leading National Advertisers, the 190E received $7 million, down from $13.2 million in 1984, and the 300D got $8.4 million, up from $3 million in 1984. D-B spent $47.4 million in measured media, according to various media measuring services used for this report. However, a Mercedes marketing spokesman says the company spent closer to $42 million in measured media.

The company continued to invest heavily in the North American sales network because of the higher profit margins in the U.S. Even with the changing currency rates, the price of a Mercedes in the U.S. remains about double what it is in Europe, largely because the options available in European models are standard in U.S. models. The price discrepancy has spawned a lucrative gray market for European imports, with U.S. dealers importing European-made models and modifying them to meet U.S. standards. Mercedes estimates about 10,000 gray market Mercedes cars entered the U.S. in 1985.

In December, 1985, McCaffrey & McCall dropped the slogan "Engineered like no other car in the world" in favor of "Mercedes-Benz widens the gap. Again." The new campaign introduced a replacement line of midpriced Mercedes sedans. Ad copy centered on the six bigger, more powerful engines in all but one of 11 models, including a station wagon that rolled out in the U.S. this spring, following an early 1985 European launch. Ad copy also promised top speeds of 125 mph for most models.

In addition to power, Mercedes made standard on its U.S. imports several safety features previously offered as options, such as a driver-side airbag and extended antilock brakes.

To tout its pioneer status in the car industry—the auto was invented by Karl Benz in 1886—the U.S. company greatly increased its pr budget to produce several special events and Mercedes memorabilia to mark the occasion. Although Mercedes declined to disclose the level of spending, the company this year produced two films, one 15-minute and one 30-minute, focusing on Mercedes-Benz' role in the first 100 years of automobile production.

Mercedes-Benz Credit Corp. USA, Norwalk, Conn., a wholly owned subsidiary offering sales financing for all Mercedes sold in North America, expanded its loan and leasing business in 1985 by 46%, to $863 million. The division had no measured ad spending last year.

Mercedes-Benz continues to be the major sponsor of the American Grand Prix Horseshow Jumping circuit. It got involved in the promotion in 1980. Demographic market studies reveal horse owners fit perfectly into Mercedes' target demographics.

Truck sales, once half of Daimler-Benz' business, remained in a worldwide slump last year, exacerbated by a European price war in the truck industry and falling oil prices. Daimler-Benz worldwide sales of heavy-duty trucks dropped 3% last year, to 134,000 units. Medium-heavy truck sales in 1985 were 145,000, up from 1984.

The U.S. is the world's largest commercial vehicle market, with new vehicle registrations up 15% over-all in 1985. Daimler-Benz says the U.S. truck division finally became profitable in 1985, as unit sales climbed 1.8%, to 20,947.

Freightliner, the Portland, Ore.-

based company purchased by D-B in 1981, recorded North American heavy-duty truck unit sales of 20,809 units in 1985, up 1.4%, with market share of 13.5%, up from 12.8% in 1984.

Freightliner reported North American sales of medium-heavy Mercedes-Benz trucks were 4,516 units last year, compared with 4,453 in 1984, raising market share to 2.9% in the category from 2.6% in 1984. Group sales rose 2% on a dollar basis, the company says, although D-B expects the North American truck market to decline in 1986 and increased competition from Japanese commercial truck imports.

Measured ad spending on Freightliner trucks was $304,000 last year, up 90% from the year earlier. Spending remainded stable, with 94% in business and trucking publications, the rest in outdoor advertising. Mercedes medium-weight trucks received $31,400 in measured media spending last year, also mostly in magazines.

Daimler-Benz last year embarked on an acquisition program that got it involved in such high-technology industries as aerospace and aircraft engines. Last October, Daimler-Benz bought a big stake in AEG A.G., a German electronics maker. The company expects this connection to increase its edge in high-technology performance cars. The AEG acquisition made Daimler-Benz West Germany's largest company, with annual sales of $23 billion—surpassing former leader Veba A.G., an energy company, and former No. 2 Volkswagen A.G.

Earlier in 1985, Daimler-Benz bought Motoren und Turbinen Union, Munich-based aircraft engine producer and military contractor, and obtained a controlling interest in the aerospace company Dornier GmbH. The acquisitions follow similar moves by American auto manufacturers, such as General Motors Corp.'s purchases of Hughes Aircraft and Electronic Data Systems, and Chrysler Corp.'s purchase of Gulfstream Aerospace.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$7,064	$14,404
Newspaper	18,008	6,545
Newsp. supps.	36	203
Bus. pubs.	501	230
Network tv	17,422	13,818
Spot tv	4,390	487
Spot radio	325	2,354
Network cable	115	272
Outdoor	23	11
Total measured	47,884	38,323
Unmeasured	16,759	13,412
Total	64,643	51,735

MERCEDES-BENZ
OF NORTH AMERICA
One Mercedes Dr.
Montvale, N.J. 07645
(201) 573-0600

Corporate Personnel

Walter Bodack, president

Marketing Personnel

Hans Jordan, vp-mktg
Gerd Klauss, genl mgr-mktg comm
Kevin Davidson, adv mgr

Advertising Agency

McCaffrey & McCall, New York—all models, Mercedes-Benz automobiles—William Bieser, sr vp-acct dir; William Metzger, acct super.

Dayton-Hudson Corp.

RANK **103**

Minneapolis

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	8,793	8,009	9.8
Net income	284	259	9.4
U.S. advertising	71	68	3.9
Division sales	**1985**	**1984**	**% chg**
Target	3,900	3,550	9.9
Mervyn's	2,500	2,141	16.8
Dept. stores	1,400	1,548	(9.6)
Spec. merch.	900	770	16.9

Dayton-Hudson Corp., the nation's sixth largest nonfood retailer in dollar volume, is focusing its growth on large-scale discount and value-priced operations, Target and Mervyn's and new specialty department store units, as evidenced by its recent move to sell B. Dalton Bookseller.

Target and Mervyn's together accounted for 74% of 1985 revenues and 77% of profits. From 1980-85, 77% of Dayton-Hudson's $1.9 billion in capital spending has been almost equally divided between Target and Mervyn's. Only 9% of capital expenditures have been targeted to the specialty merchandisers unit, which includes B. Dalton. Department store operations received the remaining 14% of capital spending for the period.

The importance of Mervyn's and Target is reflected in Dayton-Hudson's media spending for 1985. Mervyn's measured spending, virtually all in spot tv, rose 14.6% to $17.3 million in 1985 out of the $36.3 million in total spending for the seven media measured by Leading National Advertisers. Similarly, Target received $11.8 million in measured spot tv, down 7% from 1984, accounting for 33% of the seven-media total.

Measured spending for 11 media in 1985 was $39.2 million, up 4% from 1984. Dayton-Hudson reports it spent $212 million for advertising in 1985, up 8.3%, and a figure that includes media, production costs, salaries and other expenses.

Dayton-Hudson operates 226 Target stores in 22 midwestern and western states, 148 Mervyn's stores in 10 southwestern states, 37 Dayton-Hudson Department Stores in seven midwestern states and specialty merchandisers nationwide, including 785 B. Dalton Bookseller stores and 10 Lechmere stores.

Mervyn's is a promotion-oriented department store that sells moderately priced goods, mostly apparel, positioned between upscale department stores and mass merchants. It competes in a nearly identical format as Federated's MainStreet division, with one difference being that MainStreet sells mostly brand-name merchandise while Mervyn's relies heavily on private label. Mervyn's, however, is a much larger operation than MainStreet's dozen or so stores. Mervyn's had $2.5 billion in 1985 revenues and $245 million in operating profits, up 10% from 1984.

In 1986, Dayton-Hudson is spending $600 million to add 27 Mervyn's stores, 21 Target stores and about 70 specialty merchandising stores, including five Lechmere stores. Lechmere is a growing chain specializing in electronics and appliances that competes with superstore chains such as Taylor, Mich.-based Highland Appliance and Detroit-based Fretter Superstores. The company in early October, 1986, announced it was purchasing 54 of the 80 Gemco membership department stores comprising that division of Lucky Stores Inc., Dublin, Cal. The stores will be converted into Target stores, and based on the $18 million average annual sales reported per Target unit, they could generate almost $1 billion in revenue. Purchase price was $374 million. Lucky sold the units in an attempt to fend off a takeover effort by New York investor, Asher B. Edelman.

Dayton-Hudson announced its intention in late September, 1986, to sell the profitable B. Dalton Bookseller unit, the nation's No. 2 bookseller with $538 million in sales compared with No. 1 Waldenbooks' $565 million in sales. In announcing the sale, president Boake A. Sells said, "B. Dalton continues to be a profitable, growing specialty store company. However, the corporation believes B. Dalton does not fit within its current strategic direction."

Richard Nelson, retail analyst with Chicago-based Duff & Phelps, says B. Dalton is on the block because "it just ran out of steam. Bigger stores are what Dayton-Hudson has found they have the most success with." In addition, B. Dalton, which Dayton-Hudson started in 1966, is a mature company with locations in almost every state and with limited expandability. In addition, the retail book market is becoming more price sensitive, he says.

Measured ad spending for B. Dalton fell 12%, to $2.85 million, in 1985 for the LNA seven media, divided 89% magazine and 11% spot tv.

B. Dalton attempted to inject excitement into its retail bookselling format with the startup of the Pickwick Discount Books chain, which offered deep discounts on a limited number of books but no services. The 5-year-old, 37-store Pickwick chain, B. Dalton's answer to discounters such as Crown Books Corp., was closed in June, 1986. Seventeen of the stores were converted into B. Dalton outlets.

A Dayton-Hudson spokesman says Pickwick was unprofitable and served no purpose because B. Dalton regularly sells up to 20% of its own books at discount.

B. Dalton's discounting answers tough competition from the company's chief competitor, the Waldenbooks unit of K mart Corp., with 962 stores nationwide.

Waldenbooks also operates five Reader's Market discount bookstores in New York City and provides books for K mart's discount Book Korner departments.

Dayton-Hudson's reliance on department store formats has been decreasing for many years. The Dayton and Hudson department store chains were consolidated into one operation in 1984, a process which is to be fully implemented in 1986.

Department store sales of $1.4 million accounted for 16% of Dayton-Hudson's revenues in 1985 and 18% of operating profit, compared with 30% [illegible] revenues and 33% of operating profit in 1980.

Measured spending for Dayton-Hudson Department Stores increased 4% in 1985, to $1.7 million, divided 88% spot tv, 7% magazine and 5% out-of-home.

Dayton-Hudson is widely regarded by analysts as an exceptionally well-run company, Mr. Nelson says. Net earnings in 1985 were up 9% on revenue growth of 10%. The year marked Dayton-Hudson's 15th consecutive improvement in earnings from retail operations.

Net income for the six-month period ended Aug. 2, 1986, was $75.3 million, up 3% over the same period in 1985. Sales for the period were $4.17 billion, up 10%.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,640	$3,140
Spot tv	33,228	30,804
Spot radio	2,979	3,604
Outdoor	394	211
Total measured	39,241	37,759
Unmeasured	31,259	30,078
Total	70,500	67,837

DAYTON-HUDSON CORP.
777 Nicollet Mall
Minneapolis, Minn. 55402
(612) 370-6948

Marketing Personnel

John Pellegrene, sr vp-mktg
Daniel Stroman, dir-adv accts
Jack Mugan, dir-adv services

Advertising Agency

Grey Advertising, Minneapolis—Janice Apple, vp-acct super; Kathleen Kale, acct exec.

B. DALTON BOOKS
Minneapolis

Marketing Personnel

Tom Bosch, president-ceo
Susan Barefoot, vp-adv, sales promo
Bob Crabb, vp-genl merch mgr
Roxanne Koepsell, adv mgr

Advertising Agency

Bozell Jacobs Kenyon & Eckhardt, Minneapolis—Bob Newmark, sr vp-mgmt super; Dick Howell, acct super; Laurie Happe, Tom Mackin, asst acct execs.

LECHMERE
Woburn, Mass.

Marketing Personnel

Warren Feldberg, exec vp-mktg
Howard Benidt, sr vp-sales promo & adv
Janet Tyrrell, dir adv
Phyllis Wasserman, dir sales promo

Advertising Agency

Saffer Advertising, Toronto—Greg Crombie, vp-group dir; Sue Ruddy, sr acct dir.

MERVYN'S
Hayward, Cal.

Marketing Personnel

Chuck West, vp-sales promo
Pat Holt, dir-print adv
Sheila Durkin, dir-media
Ruth Hines, dir-planning & broadcast
Carmen Monaco, dir-adv operations

Advertising Agency

(In-house).

TARGET STORES
Minneapolis

Marketing Personnel

Sonja Larsen, sr vp-adv, sales promo & merch
Paul Higham, vp-adv
Karen Singer, dir-sales promo

Advertising Agency

Ruhr/Paragon Advertising—broadcast creative—Chuck Ruhr, president; Rosemary Svenpladsen, acct super.

Media Buying

Haworth Group, Minneapolis—broadcast placement—Tom Siqveland, vp.

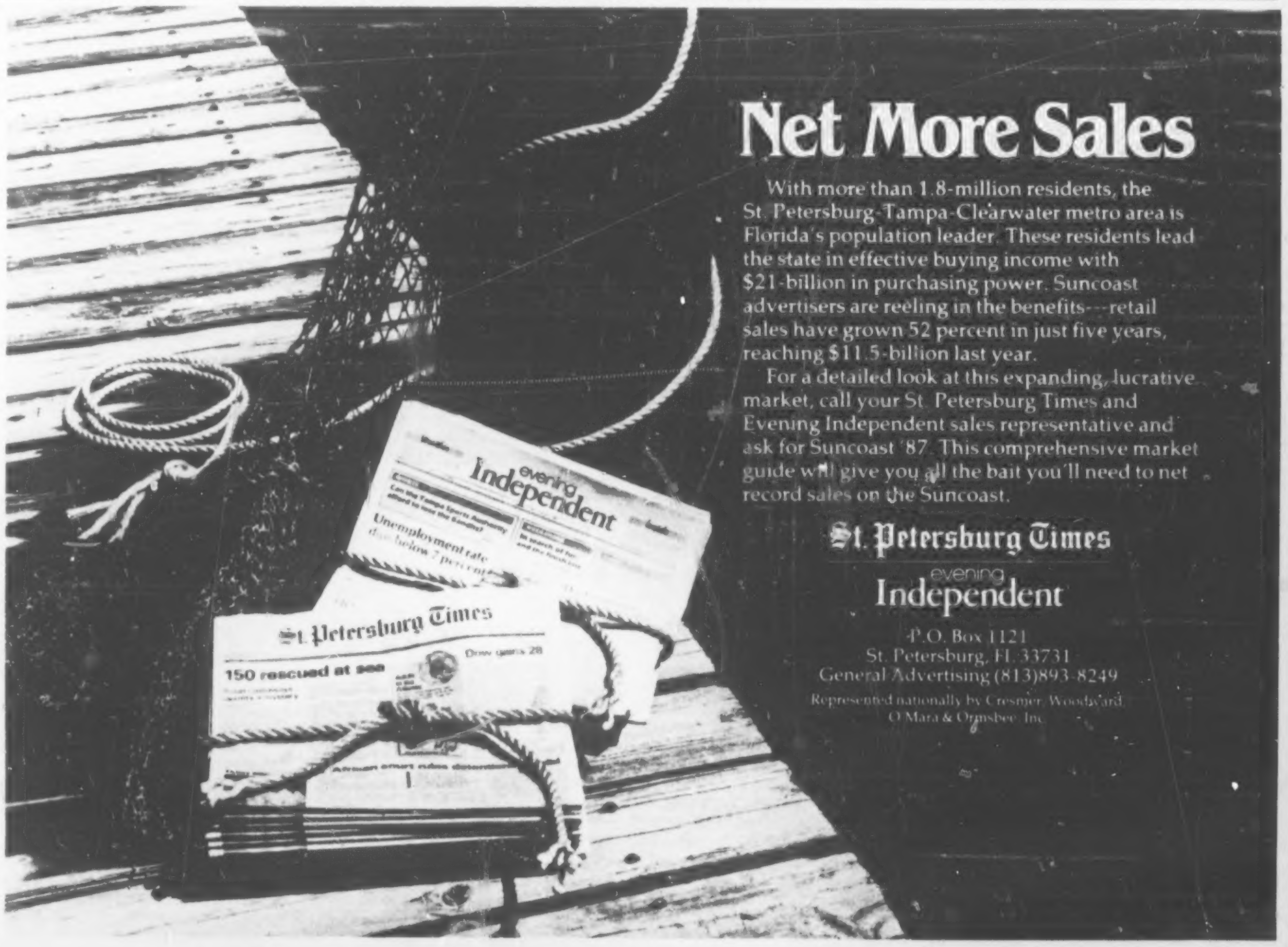
R.G. BRANDEN'S
Minneapolis

Marketing Personnel

Duff Reiter, adv mgr

Advertising Agency

Kauffman Stewart, Minneapolis—John Kauffman, president; Jeff Right, vp-acct services.



Net More Sales

With more than 1.8-million residents, the St. Petersburg-Tampa-Clearwater metro area is Florida's population leader. These residents lead the state in effective buying income with $21-billion in purchasing power. Suncoast advertisers are reeling in the benefits—retail sales have grown 52 percent in just five years, reaching $11.5-billion last year.

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Represented nationally by Cresmer, Woodward, O'Mara & Ormsbee, Inc.

DeBeers Consolidated Mines

RANK 189

London

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,823	1,613	13.0
Net income	402	250	61.0
U.S. advertising	36	29	24.9

There is no danger that current or future U.S. sanctions against South Africa will have a significant effect on DeBeers Consolidated Mines Ltd., because DeBeers has a hammerlock on the world diamond trade through its London-based Central Selling Organization, which controls about 90% of the gems produced worldwide each year.

The U.S. Senate voted Oct. 2, 1986 to override a presidential veto on sanctions against South Africa, a day after the House also approved the measure. The sanctions prohibit the import of steel, uranium and agricultural goods from South Africa, suspend U.S. landing rights for South African Airways and bar new U.S. business investments and loans in South Africa.

"But U.S. sanctions will have no important effect on the worldwide supply of diamonds," says Elizabeth Dolan, vp and manager of the Diamond Information Center at New York-based N W Ayer, which has been DeBeer's agency for 47 years. For one, she says South Africa diamond production represents less than a 15% of the world supply, placing it fifth behind Australia, Zaire, Botswana and the USSR.

U.S. imports of polished diamonds in 1985 totaled $2.7 billion, and the retail market for diamond jewelry increased 5.3% to $8.1 billion. The U.S. is the world's largest market for polished diamonds.

DeBeers increased its support of the retail diamond industry, boosting total measured media 25% in 1985 to $29.6 million for the seven media measured by Leading National Advertisers.

By far the greatest emphasis beginning in 1985 was for image ads with 40% of DeBeers' budget devoted to tv to "get people to pay attention to diamonds as gifts," says Judy Lauchren, senior vp-management supervisor for the DeBeers account. In 1985, network tv ads, primarily featuring the theme "Diamonds are the gift of love," accounted for $9.6 million in measured media, 32% of total spending, according to LNA.

About 60% of measured media spending was devoted to print media for specific types of jewelry. The categories and assigned weights in terms of total ad spending for print media included: 20% traditional quality gifts; 13% diamond engagement rings; 12% diamonds for men; 10% diamonds of one carat or more; and 5% diamond anniversary rings, says Ayer.

Print campaign targeted several types of buying situations, focusing on diamonds as gifts. One campaign, called "In her heart," was designed to visually capture vignets of giving and receiving diamonds as gifts. Another, called "Show Her it's Not Lonely at the Top," focuses on larger stones. Men's campaigns, including "The Gift of Success" and "The Man's Diamond," focused on men wearing diamonds as a lifestyle choice. Integrated into all diamond advertising beginning in 1985 is a secondary message about how to judge the character and quality of diamonds. The campaign discusses the four C's of buying diamonds-color, cut, clarity and carats.

A total of 17 million pieces of diamond jewelry were sold in the U.S. in 1985, up 9% over 1984. The biggest category in dollar volume was jewelry for female family heads, selling 6.6 million pieces with retail value of $3 billion, down 1% from 1984. The largest increase was in the men's diamond category, with 1985 sales of 1.9 million pieces valued at $1 billion, up 26% over 1984. Sales in other categories included: Single adult women, 3.5 million pieces valued at $1.1 billion, up 14%; women's diamond engagement rings, 1.6 million pieces valued at $1.5 billion, up 14%.

DeBeers aggressively expanded its cooperative ad program for retailers in 1985. The program jumped to $5.5 million in measured magazine for the year, compared with $176,000 in 1984. The retail coop program, which was tested in six cities in 1981, was rolled out nationally in 1984. DeBeers reimburses for ad lineage rates based on a rooftop investment in each area of dominant influence. DeBeers expanded its coop program to include manufacturers beginning in September, 1986.

DeBeers also continued its parallel ad placement strategy for manufacturers and retailers, where DeBeers buys a left-hand, full-page ad, allowing the manufacturer or retailer to take the right-page position to showcasing their diamond jewelry.

DeBeers had net profits of $452.4 million in 1985, up 25% over 1984. Sales revenue in the U.S. for DeBeers increased 13% in 1985 to $1.8 billion.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$19,366	$13,116
Newsp. suppa.	161	0
Network tv	9,579	9,142
Spot tv	460	1,412
Network cable	32	34
Total measured	29,597	23,704
Unmeasured	6,000	4,805
Total	35,597	28,509

DEBEERS CONSOLIDATED MINES
c/o N W Ayer Inc.
1345 Avenue of the Americas
New York, N.Y. 10105
(212) 708-5000

Advertising Agency/
Marketing Personnel

N W Ayer, New York—George Eversman, exec vp-exec acct dir; Judy Laughren, sr vp-mgmt super; Nancy Robey, sr acct exec-diamond engagement rings/one karat or more; Rachel Treitelman, sr acct exec-diamonds as gifts; Maria Priggen, sr acct exec-men's diamonds, diamond anniversary rings; Marc Capra, acct super; Margherita Blanc, acct exec. Joan Parker, sr vp-dir pr (diamond information center); Elizabeth Dolan, vp-mgr (diamond information center); Earl Lynch, vp-dir (diamond promo services).

Denny's Inc.

RANK 165

La Mirada, Cal.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,340	1,300	3.1
U.S. advertising	50	44	13.6

Although privately owned Denny's Inc. has cut capital spending for its Denny's Restaurants and Winchell's Donut House divisions to lessen the debt incurred in a leveraged buyout, Denny's continues to expand through its El Pollo Loco charbroiled chicken chain.

The quick-service chicken chain, acquired in October, 1983, has doubled its number of outlets through franchising in the past two years. At the same time, its revenues have increased sixfold, to an estimated $20 million in fiscal 1985. A 1986 figure was not available.

There currently are 54 El Pollo Locos, of which 20 are franchised. Denny's restaurants number 1,124 domestically, 56 of which are franchises. The company also operates 727 doughnut houses under the Winchell's trademark, 13 of which are franchised.

Denny's is owned by a group of investors including 50 officers in Denny's management at the time of the buyout in January, 1985. The management team has remained virtually intact.

The bulk of Denny's 12% increase in measured media spending in 1985 was accounted for by a 55% increase in spot tv, representing a major shift from network tv, which recorded a 31% drop. About 84% of the outlay for spot tv was in support of the Denny's Restaurant division, the remainder to Winchell's Donut Houses. El Pollo Loco advertising in newspapers and other local media in Southern California is not national, so it does not show up in measured media.

The El Pollo Loco chain, now primarily in the Los Angeles and San Diego areas, also has signed franchise agreements for 85 outlets in Denver, Colorado Springs, Hawaii and Orlando, Fla., and plans to sign franchise agreements in five new cities each year.

A new franchise agreement has opened the way to expansion in San Diego and there are plans to open 11 more restaurants (three in Orange County) by the end of 1986.

El Pollo Loco is evolving from a Hispanic-oriented concept to a general consumer chicken restaurant. When the franchise rights were purchased by Denny's for $11.3 million in 1983, 95% of the customers at the chain's 17 outlets were Hispanic, compared with 40% today.

Now each store sells between 2,000 and 3,000 chickens a week, ringing up average annual sales of $750,000, one of the highest volumes per store of any chicken foodservice operator. Kentucky Fried Chicken, for example, averages about $550,000 per store.

Although the division's sales are still a small part of Denny's over-all $1.3 billion annual revenues, company executives say El Pollo Loco probably will be the main force behind the company's growth.

With franchises added in five areas each year, the company expects 300 outlets in five years.

"The fast food habit worth having" is the theme of El Pollo Loco's new spot tv campaign, a yearlong effort that broke in September and runs through the summer of 1987 in the Los Angeles and San Diego markets. The spot campaign is the chain's first sustained use of broadcast, a medium that could not be used efficiently before the chain's recent expansion.

Previous advertising at El Pollo Loco consisted of newspapers, newspaper supplements and direct mail targeted to specific trading areas. These presented the chain as the newest entry in the fast food arena and told how the charbroiled product is prepared.

El Pollo Loco chicken, which is not breaded or fried, is promoted as being low in fats and calories and has earned the recommendation of the American Heart Assn., an endorsement that is carried in the restaurant's advertising.

The Denny's Restaurant division, which accounted for 87.2% of the company's $26.6 million in measured ad expenditures in 1985, up 39.3% from the previous year, continued to use extensive spot tv in its major markets across the U.S. Spot tv accounted for $12.5 million in 1985 spending, compared with network tv spending of $10.5 million.

Advertising focused more on breakfast and dinner entrees to build sales in these dayparts.

A series of tv spots featured a campaign known as Denny's American Kitchen, with individual spots highlighting different regional dishes, such as jambalaya, stuffed trout, fried chicken, chicken and biscuits, and other entrees.

Recent market share data rank Denny's No. 1 among family restaurants and No. 8 among the top 10 restaurant chains with a 2.1% share of industry sales.

The Winchell's division maintained a $2.4 million spot tv campaign in major U.S. markets during 1985, the same as in 1984. The campaign's emphasis is on multiple purchases and special per dozen pricing, the approach taken in previous years. For the balance of 1986 and into 1987, however, Tom Anderson, new marketing vp at Winchell's, promises "significant positioning changes with stronger advertising focus and a lot of exciting product changes."

The first new product was scheduled for introduction in a new spot tv campaign that broke Oct. 8 in Winchell's major markets.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$52	$0
Network tv	10,508	15,267
Spot tv	14,839	6,641
Network radio	25	63
Spot radio	1,068	1,120
Outdoor	126	334
Total measured	26,617	23,424
Unmeasured	23,000	20,241
Total	49,617	43,665

DENNY'S INC.
16700 Valley View Ave.
La Mirada, Cal. 90637
(714) 739-3100

Marketing Personnel

Barry Krantz, sr vp-mktg, Denny's Restaurant div

Tom L. Anderson, sr vp-mktg, Winchell's div

Margaret Jenkins, vp-mktg, El Pollo Loco

Advertising Agencies

Foote, Cone & Belding, Los Angeles—Denny's—Larry Jones, vp-mgmt dir; Fred Walts, Bill Marks, Craig Silver, acct dirs; Michelle Christiansen, Kristi Brunig, acct execs.

McCann-Erickson, Los Angeles—El Pollo Loco—John Thompson, acct super; Kevin Murphy, acct exec. Winchell's—Dan Olsen, vp-mgmt rep; Kim Carlson, acct super.

Doubleday & Co.

RANK 200

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	472	440	7.3
Net income	7	300	(97.7)
U.S. advertising	30	30	(0.9)

Doubleday & Co., after selling off several of its divisions in 1985 and 1986 in an effort to restore financial strength to the company, itself was acquired by West German publisher, Bertelsmann A.G., this September.

Doubleday & Co. is the eighth-ranked U.S. publisher in terms of sales. Bertelsmann paid $475 million for what remains of Doubleday's publishing division, its 26 bookstores and book clubs.

Bertelsmann has owned Bantam Books since 1980, and recently agreed to acquire for about $300 million the 75% it did not own of RCA/Ariola Records from General Electric. Bertelsmann's stated plans are to continue to acquire U.S. companies involved in publishing. For the year ended April 30, 1986, closely held Doubleday earned $7 million on sales of $472.3 million. This compares with 1985's earnings of $300,000 on sales of $440 million.

Doubleday had measured advertising spending of $22.9 million in 1985, down 0.8% from 1984. The bulk of that money both years was spent by the Book Club and Literary Guild.

Book Club advertising rose 16.4% in 1985 to $8.5 million over 1984. Literary Guild of America experienced a 12.5% decrease in measured spending to $5.6 million. The only other major expenditures were $514,000 for the Mystery Guild, down 44%, and $863,000 for Science Fiction Book Club, down 16.5%.

At the end of 1985, Henry Reath, Doubleday Publishing's division president, resigned, after being named executive vice president a little over two years earlier. Executive vice president Frank Cermak also resigned with Mr. Reath. Richard Malina replaced Mr. Reath as president.

Doubleday was shaken in 1985 when both Dial Press and Anchor Press were closed. Dial, which had a heritage of publishing quality literature, published its fall list but ceased, as of May, to acquire new books. It stopped publishing at the end of last year, even on contracted books.

Anchor, which reissued out-of-print hardcover titles, was consolidated and reorganized into Doubleday.

The publishing division faced other problems in 1985. While other publishing houses began offering its authors favorable 60/40 or 70/30 splits when they negotiated on paperback rights, Doubleday maintained its 50/50 split. Partly in response to that decision, and also because of the editorial and sales changes that were rocking the company, several "name" authors, including Stephen King and Barbara Taylor Bradford, moved to other publishers.

The publishing industry as a whole has had to suffer through several soft years. A decline in the audience for hardcover books, rising prices of paperbacks, competition from videos and discount book outlets have all had adverse impact on the industry.

Doubleday had some successes in 1985 from Bill Cosby's "Fatherhood," and in general from Dell, the paperback division, which reported at the end of fiscal 1985, the best year in its 65-year history. Dell has been part of Doubleday since 1976.

In addition to folding Dial and Anchor last year, Doubleday also sold its radio properties, thus shutting down Doubleday Broadcasting, created in 1967. MS Broadcasting in Indianapolis bought WAPP-FM and WHN both in New York, and WAVA-FM in Arlington-Washington for $53 million on Aug. 13. WMET-FM Chicago was purchased by Southwestern Broadcasting Inc. (SBI Inc.) on April 14, 1986, and the name was changed to WRXR-FM. WLLZ-FM, Detroit, KDWB (am,fm) in Minneapolis and KPKE-FM Denver was purchased by Sillerman/-McGee, New York, on April 29, 1986. Doubleday spent about $1 million in national advertising annually promoting the stations.

The company's international marketing division, Feffer & Simmons Inc., was sold to Paul E. Feffer.

A jewel in Doubleday's crown, the New York Mets, were not sold as part of the Bertlesmann deal. The team was purchased by Nelson Doubleday Jr. and Fred Wilpon, the club president, from Doubleday, which had owned 95% of the club. The Mets had been part of Doubleday since 1980, when Doubleday paid $21.1 million for the team. But the ball club's success has raised that worth to almost $100 million today. In the fiscal year ended April 30 the team had revenues of $43.1 million, up from the $27 million the previous year. Its pretax income was $9.6 million and net income was $5 million.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$14,406	$13,850
Newspaper	4,342	5,263
Newsp. suppa.	2,655	2,751
Bus. pubs.	11	0
Network tv	40	30
Spot tv	854	879
Network radio	229	115
Spot radio	17	0
Network cable	4	0
Outdoor	378	252
Total measured	22,936	23,140
Unmeasured	7,000	7,062
Total	29,936	30,202

DOUBLEDAY & CO.
245 Park Ave.
New York, New York
(212)

DOUBLEDAY BOOK SHOPS
Marketing Personnel

Gary DelVecchio, president
Sid Gross, merch mgr

DOUBLEDAY PUBLISHING DIVISION
Marketing Personnel

Richard Malina, president
Jacqueline Everly, dir-mktg
Ellen Mastromonaco, dir-adv & publicity

Advertising Agency

Franklin-Spier (BBDO), New York—Erin McHugh, acct exec.

DOUBLEDAY BOOK CLUB
Marketing Personnel

Marsha Schmidt, dir-mktg

NEW YORK METS
Marketing Personnel

Drew Sheinman, dir-mktg

Advertising Agency

Della Femina, Travisano & Partners, New York—Robert Sherman, president; Jon Olken, exec vp; Ron Weiss, acct exec.

Happy birthday, Mercedes

Mercedes-Benz of North America celebrated its 100th anniversary on Jan. 29, 1986, with spread ads in *Investors Daily, New York Times, Wall Street Journal* and newspapers in 11 markets. The headline, "Today the automobile and Mercedes-Benz both begin their second hundred years" featured the 1986 300E sedan and a three-wheel vehicle invented in 1886 by Karl Benz in Germany.

RANK 197

Dow Jones & Co.

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,039	966	7.6
Net income	139	129	7.3
U.S. advertising	32	22	46.2

Division sales	1985	1984	% chg
Nat'l publications	709	674	5.2
Community news	174	156	11.5
Info. services	102	86	18.6
Book publ.	55	50	10.0

The current year has become much more hospitable for Dow Jones & Co., whose flagship product, the *Wall Street Journal*, suffered from the general softness in national advertising during 1985.

So far in 1986, circulation at the *Journal*, which dipped slightly in March audited reports, has grown 2.5% to 2,040,000 on Sept. 30, 1986, over the prior year, according to pre-audited reports from the company. Total ad lineage through the nine months has declined 4.6% from the same period in 1985, but that figure factors in a 10% decline recorded in the first quarter, 1986.

The ad lineage decline, however, may be behind the *Journal*, because third quarter results showed a 2.1% increase in ad lineage over the prior year period.

Barron's, Dow Jones' other national publication, showed a dramatic 12% increase in circulation on Sept. 30, 1986, over the prior year, according to unaudited statements from Dow Jones. *Barron's* had been a bright spot in advertising in 1985 with a 6.1% ad gain over the prior year. Latest third quarter figures show Barron's with a 3.3% lineage gain on a per issue basis, although it had a 4% decline for the period because of one less issue for the quarter.

Through the first nine months of 1986, total Dow Jones revenues were $822.9 million, up 8%, and net income was $136.9 million, up 40.1%. Included in the earnings cumulative was a first quarter after-tax gain of $31.4 million from the sale of 2 million shares of common stock of Continental Cablevision Inc. Excluding this gain, earnings for the nine months were $105.5 million, up 8%.

Advertising revenues at the *Journal* in 1985 were up 4.2% and ad volume (lineage) was down 5.2%, meaning all growth came from rate increases. Over-all revenues from Dow Jone's national publications segment in 1985 rose only 5.1% from 1984, while operating income fell 1.7% to $195.3 million.

By mid-year, 1986, circulation at the *Asian Wall Street Journal* hit 31,622, up 11.4%, and 35,379 at the *Wall Street Journal/Europe*, up 10.5%. During 1985, the *Asian Wall Street Journal* posted ad revenue increases of 17.2%, while circulation gained 4.9%; and the *Wall Street Journal/Europe* posted a 16.9% increase in circulation and a 25.4% increase in ad revenue, though it was operating at a loss at yearend 1985.

Despite its circulation and ad volume upswing, the *Journal* has lost its position as the nation's most read newspaper to Gannett Co.'s *USA Today*, according to the 1986 Simmons Market Research Bureau Media and Markets study, released this July. The SMRB report said *Journal* readership fell 16.7% to 4,030,000 between its 1985 study and this year's study, while *USA Today's* readership gained 14.7% to 4,792,000.

Ad agency media execs questioned the magnitude of the *Journal* readership loss because circulation remained relatively stable. However, they reasoned that with the general thinning out of middle management ranks in corporate America, fewer people may be listed on office route slips for the paper.

The media buyers also questioned *USA Today's* gain because a joint promotion with General Mills put some 450,000 free subscriptions into the marketplace at the same time SMRB was sampling for the study. The SMRB numbers caused a fracas between Dow Jones and Gannett when a Gannett ad touting *USA Today's* gain and the *Journal's* loss was refused by the *Journal* on the grounds that the numbers were misleading.

A spokesperson for Dow Jones, however, says that "circulation and readership do not necessarily go hand in hand. The historical experience of the *Journal* shows a continued trend line upward in circulation and great volatility in readership scores. Much has to do with measurement procedures that change from time to time. The *Journal* continues to pursue that methodology with the Simmons organization."

The *Journal* is out from under the publicity created by R. Foster Winans, the former *Journal* reporter who was convicted of securities fraud for leaking in advance the contents of the paper's "Heard on the Street" column, which he wrote. Mr. Winans' book on the incident hit the streets during the summer of 1986.

Dow Jones Community Newspapers segment, comprised mainly of the Ottaway newspaper group, showed an 11.4% increase in revenues to $155.9 million between 1984 and 1985 and a 19.2% increase in operating income to $35.2 million. Through the first nine months of 1986, ad volume in the Ottaway newspapers was up 3.8%.

Revenues at the company's growing Information Services climbed 19% between 1984 and 1985, to $102.2 million, and operating income grew 160.9% to $17.7 million. The group's revenues have grown 23.7% in the first nine months of 1986 over the prior year period. The segment is made up mainly of Dow Jones database publishing operations and its business news wires.

Dow Jones completed the joint acquisition of 52% of Telerate Inc. with Oklahoma Publishing Co. The seller was Exco International in Britain. Dow Jones also sold during 1985 and early 1986 8% of its 25% interest in Continental Cablevision in Boston back to that company. The proceeds showed up in first quarter, 1986, earnings.

In the company's fourth business segment, book publishing, made up mainly of Richard D. Irwin Inc., revenues were up 10%, to $54.5 million, while operating income rose 4.9%, to $7.7 million.

In 1986, two Dow Jones execs rose to prominence in the advertising community. Vice-chairman Donald Macdonald was inducted into the American Advertising Federation's Advertising Hall of Fame, and Bernard Flanagan, vp-marketing for the Journal, assumed the AAF presidency.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 2,594	$ 3,297
Newspaper	87	268
Newsp. supps.	87	0
Bus. pubs.	2,683	945
Network tv	5,213	1,118
Spot tv	3,656	4,384
Network radio	3,808	6,431
Spot radio	1,607	0
Network cable	4,239	0
Outdoor	77	4
Total measured	24,051	16,447
Unmeasured	8,000	5,471
Total	32,051	21,917

DOW JONES & CO.
World Financial Center
200 Liberty Street
New York, N.Y. 10281
(212) 416-2000
Marketing Headquarters
420 Lexington Ave.
New York, N.Y. 10170
(212) 808-6600
Marketing Executive
Bernard Flanagan, vp-mktg
Advertising Agencies

Jim Johnston Advertising, New York—James J. Johnston, chmn; Patricia C. Johnston, exec vp.

Fallon McElligott, Minneapolis—Peter Engel, mgmt super; Bob Van Horn, acct super; Bonnie Spindler, acct exec; Angela Weatherly, asst acct exec.

RANK 195

Exxon Corp.

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	92,869	97,288	(4.5)
Net income	4,870	5528	(11.9)
U.S. advertising	33	40	(16.4)

Division sales	1985	1984	% chg
Petro., gas	81,399	85415	(4.7)
Chemicals	6,670	6870	(2.9)
Coal	357	329	8.5
Minerals	108	97	11.3
Reliance Elec.	1,667	1538	8.4
Hong Kong Power	586	608	(3.6)
Other/eliminations	833	1018	(18.2)

Exxon Corp., the world's largest oil company, suffered a $4.4 billion decline in revenue and a $600 million drop in income from the previous year, but still displayed complete optimism.

The year's results, its annual report says, "not only turned out to be better than might have been expected, they were in fact quite good." Without some unexpected expenses, 1985 profits actually would have been almost 4% better than 1984, Exxon says.

Exxon's "relatively rosy" 1985 came as the petroleum industry continued to face a sluggish U.S. economy and a continued decline in oil prices.

In advertising, Exxon kept its spot tv spending relatively stable, dropping only from $16.2 million to $16 million in 1985, but it sliced magazine ad expenditures from $4.8 million in 1984 to $686,000.

Virtually all of Exxon's measured advertising is for its gasoline and motor oil products. Exxon spent $12.7 million to advertise its gasoline, up 8.5% from $11.7 million in 1984. Of that total, $12.5 million was for spot tv.

Exxon backed its motor oil with $3.4 million, down 43.3% from $6 million in 1984, when it introduced Uni-Flo 10w-30, a high-performance product. Some $3 million of the 1985 expenditure went into spot tv. Spot tv suffered the biggest dollar volume cut in motor oil advertising of any media, down 29%.

Other Exxon advertising expenditures in 1985 were $468,000 for Exxon petroleum dealers' promotion, $183,000 to advertise Exxon-sponsored tv programs and $111,000 for general corporate advertising.

Retrenchment remained the operative word for Exxon in 1985. The company continued to reduce its refining capacity. It cut the number of gasoline service stations by 2,800, to 47,000, pulling out of such areas as northern New England, upstate New York, Kentucky and Ohio. It began modernizing and automating remaining stations, adding convenience products to some.

In 1985, Exxon completed the sale of its money-losing office systems division, a line that had seemed promising in the 1970s. The division suffered losses of between $30 million and $100 million.

More cutbacks took place in 1986, as Exxon restructured, trimming its 16 departments into three divisions. In a move that shocked the industry, Exxon offered early retirement to virtually all its 40,000 U.S.-based workers (another 120,000 work abroad). The corporate 15% reduction goal was achieved when 6,200 employes took early retirement voluntarily and another 800 were fired.

In March, Exxon announced its 1986 exploration and production capital budget of $10 billion would be cut to $8 billion. A month later, a planned $3 billion joint project by Exxon and Royal Dutch/Shell Group for a North Sea oil and natural gas production facility was abandoned.

Exxon even leased a substantial amount of office space in the 13 floors it occupies in the 53-story Exxon building in Manhattan.

The cutbacks are more than a temporary fix. Chairman and ceo C.C. Garvin Jr. told stockholders at the May annual meeting, "Technically, there is no good reason to believe that oil prices will recover substantially in the very short run." Analysts say Exxon appears to be positioning itself for an economy that remains relatively stagnant well into the 1990s. Mr. Garvin, who reaches mandatory retirement age in December, will relinquish his titles Jan. 1 to Lawrence G. Rawl. Mr. Rawl has been president since May, 1985, and will be replaced by Lee R. Raymond, a senior vp and director since 1986.

As the most financially secure U.S. oil company, Exxon is not running scared, and its retrenchment seems to be taking hold. Its first-quarter, 1986, profits were $1.7 billion, up from $1.3 billion in the first quarter of 1985; second-quarter profits showed a similar increase, $1.1 billion compared with $745 million in 1985.

Had it not been for three budget items, Exxon would have had a net income of $5.604 billion in 1985, up 1.4% from $5.528 billion in 1984. Those items include $2 million for foreign exchange debt losses and a $187 million writeoff for selling or discontinuing outmoded or inefficient facilities.

The third item was a $545 million payment to the federal government resulting from a Department of Energy suit charging Exxon with overpricing crude oil from a Texas field. Exxon lost the suit and the appeal in federal court, and the company failed to get a U.S. Supreme Court review. Exxon

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had to pay $2.1 billion to the government. All but $545 million of that had been set aside in case of a court loss, so the immediate effect on the bottom line was the $545 million.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$686	$4,804
Newspaper	2,740	2,100
Newsp. supps.	137	53
Bus. pubs.	1,247	2,034
Spot tv	16,002	16,239
Spot radio	680	267
Network cable	357	0
Outdoor	157	839
Total measured	22,005	26,336
Unmeasured	11,000	13,165
Total	33,005	39,500

EXXON CORP.
1251 Avenue of the Americas
New York, N.Y. 10020
(212) 333-6200
Marketing Personnel
Elliott Cattarulla, vp-public affairs & scty
Advertising Agency

McCaffrey & McCall, New York—William Vieser, sr vp-group acct dir; John Collins, sr vp-mgmt super; Sheilah Walker, acct super.

McCann-Erickson, Houston—J.W. Collins, acct dir.

EXXON CO. USA.
Marketing Personnel
R.P. Larkins, vp-mktg
Advertising Agency

McCann-Erickson, Houston—corp adv—J.W. Collins, acct dir; Eric Herbst, acct exec-gasoline; Al Kehr, acct exec-motor oil.

EXXON CHEMICAL
Houston, Tex.
Marketing Personnel
D.L. Baird, mgr-public affairs
D.R. Grant, mktg services coord
J.M. Combs, mktg services sr coord
C.R. Ball, mgr-govt relations
R.L. Fornsheli, dir-automotive
M.H. Mayer, vp--America's performance prods group
R.E. Mantler, mgr-fertilizer
J.L. Hamaker, vp-mktg basic chemicals group
J.R. Eagle, vp-sales, polymers group
G.A. Rizzo, vp-America's polymer group
C.J. Jankowski, industrial sector mktg, vp-polymers
E.J. Merke, mgr-Butyl polymer prods
N.R. Rous, vp-fabricated prods

Federal Express Corp.

RANK **161**

Memphis

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,606	2,031	28.3
Net income	132	76	73.3
U.S. advertising	50	59	(14.5)

Division sales	1986	1985	% chg
Delivery	2,573	2,016	27.6
Zap Mail	33	15	120.0

Express delivery services were not without their troubles in 1985. Growing volume has led to capacity crunches requiring couriers to expand and improve services. While others are struggling to do so, Federal Express, the leader in U.S. express delivery service with a 45% share of an estimated $4 billion market, has kept up through vigorous improvement and expansion in the U.S. and overseas.

Putting all its concentration and dollars into these changes in 1985, Federal Express decreased its measured ad spending by 14.4% from 1984, according to the 11 media monitored in this issue. But 1986 could be a turnaround in advertising as the company begins to advertise its improved services. However, the bottom line for fiscal 1986, ended May 31, got squeezed by the closing of ZapMail in mid-November, 1985. The one-time cost to Federal Express was $190 million.

For the first quarter of fiscal 1987, ended Aug. 31, the company reported a drop in net income of 21.5%, to $24.8 million, on sales of $733.1 million, up 24.4%. The drop in net income is primarily because of the losses from ZapMail and the increase in sales is due to a continuing growth in volume.

Federal Express announced Sept. 29 it would discontinue ZapMail, its facsimile transmission service, as well as its plans to sell and lease facsimile equipment. The announcement came just as Federal Express had planned to remarket the service and initiate a major ad campaign via its new agency, Fallon McElligott, Minneapolis. A Federal Express advertising spokesman says Fallon McElligott probably will be retained for another assignment.

The company says ZapMail had losses of $317 million since its 1984 introduction, and it had been unable to generate the volume needed to make ZapMail profitable. Fallon McElligott obtained the account in 1985 from Ally & Gargano, New York.

Although Federal Express holds a healthy lead in the U.S. market for overnight delivery service, it faces competition that has emphasized the importance of advertising prices. A $3 million campaign begun in 1985 lauds the company's discount prices available for overnight delivery rates for packages dropped off at one of its walk-in retail centers or drop boxes. Charging $11 (slightly more than the U.S. Postal Service's $10.75 for Express Mail) Federal Express asks, "If money were no object, which would you use?" In test ad campaigns, there was a 14% to 17% increase in dropoff volume.

Another new campaign begun in September via its agency of record, Ally & Gargano, supports the company's reliability claim. Mixing humor, which has come to be expected of Federal Express commercials, and facts about new high-tech capabilities, the commercials tell customers why they should trust Federal Express more. The campaign, estimated at $20 million, consists of eight tv commercials.

Federal Express operations overseas continue to grow in an estimated $2 billion market that is expected to reach $5 billion by 1989. With its international headquarters in Brussels, Federal Express service now extends to 85 countries.

Federal Express spent $156,000 to introduce its overseas service to the U.S., according to Leading National Advertisers, including a tv spot featuring actors who have appeared in previous Federal Express commercials during the past nine years. The spot uses the new tag line, "Now that you know Federal Express is going to Europe, why fool around with anyone else?"

Federal Express has become strong competition to the international delivery service leader DHL, which holds 66% of the market. Federal Express is aiming at a 15% to 17% share by 1988. Other competitors overseas include Airbourne International and Emery Worldwide.

In January, Federal Express purchased Lex Wilkinson, one of the biggest U.K. parcel distribution networks, to be used as a foundation for growth thoughout the U.K.

In February, 1986, Federal Express became a sponsor of the 1988 Winter and Summer Olympics via a marketing agreement with the International Olympic Committee.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 4,251	$ 3,052
Newspaper	3,258	3,587
Bus. pubs.	660	488
Network tv	16,605	23,675
Spot tv	6,432	6,959
Spot radio	1,916	448
Network cable	179	711
Outdoor	0	22
Total measured	33,301	38,942
Unmeasured	17,000	19,880
Total	50,301	58,822

FEDERAL EXPRESS CORP.
Memphis International
Airport
2990 Airways Blvd.
Memphis, Tenn. 38131
(901) 369-3600
Marketing Personnel
Carole A. Presley, sr vp-mktg
Thomas R. Oliver, sr vp-sales & customer service
Advertising Agencies

Ally & Gargano, New York—Dennis Visich, exec vp; Denis Glennon, sr vp-mgmt super; Mark Hurst; acct super; Ken Mills, Rob Quish, acct execs.

Fallon McElligott, Minneapolis—Steve Sjoblad, mgmt super; John Delaney, acct super.

Federated Department Stores

RANK **111**

Cincinnati

($ in millions)

Worldwide	1986	1985	% chg
Sales	9,978	9,672	3.2
Net income	287	329	(13.0)
U.S. advertising	69	70	(1.2)

Division sales	1986	1985	% chg
Dept. stores	6,685	6,567	1.8
Mass merch.	1,058	1,060	(0.2)
Supermkts.	1,814	1,711	6.0
Other	422	335	26.0

Federated Department Stores, which is consolidating a number of its operating units to achieve economies of scale, continues to expand major operating units such as Bloomingdale's, Ralph's, MainStreet and Filene's into new markets in 1985-86.

"But Federated's strategy has not been to build a lot of new stores in 1986, but to focus on enhancing the performance of stores in the markets it already has," a spokesman says, citing the company's merger in January, 1986, of its 17-store, Columbus, O.-based Lazarus and 14-store Shillito Rike's, Cincinnati, into a single, 31-store division operating under the Lazarus name.

The Cincinnati-based division had fiscal 1985 sales of more than $856 million. Measured ad spending for the two divisions in 1985 included $600,000 for Lazarus, down 52%, and $1.2 million for Shillito Rike's, up 84%. The spending was mostly for spot tv.

Also in January, 1986, Federated merged its 45-store Gold Circle and 31-store Richway units into a single mass merchandising division under the Gold Circle name based in Columbus, O. The new division, with $1.1 billion in fiscal 1985 sales had combined measured ad spending of $2.1 million in spot tv during 1985, down 11%.

In each consolidation, Federated was able to save substantially on duplication of effort in buying operations and administration, and to plow the savings into an extensive store remodeling program, the spokesman says.

Federated is the nation's fifth largest nonfood retailer, operating 635 stores, including 224 department stores, 76 mass merchandising outlets, 197 specialty stores and 138 grocery stores. Net income fell 13% to $286.6 million in fiscal 1985, which ended Feb. 1. The giant retailer had revenues of $9.9 million, up 3.2%.

For the first six months of fiscal 1986 ending Aug. 1, Federated had net earnings of $81.9 million, up 19.7% over the same period in 1985. Sales were $4.6 billion, up 4%.

Federated's measured spending for seven media in 1985 fell 1% to $30.3 million, according to Leading National Advertisers. Spot radio, not part of the LNA measurement, had expenditures of $1 million in 1985, down 16% from 1984.

Federated reported to the SEC "advertising costs" for the fiscal year ending Feb. 1, 1986, of $303.3 million, up 5.5% over 1984. In addition to media spending, the Federated figure includes all overhead costs of in-house agencies in each division, including spending for direct mail, catalog operations, salaries and other expenses.

Federated's Los Angeles-based Ralph's grocery stores unit had measured ad spending in 1985 of $5.7 million in spot tv, unchanged from 1984. The Ralph's unit also repositioned its marketing strategy in 1985 from promotional pricing to everyday low pricing. The chain engaged in heavy comparative advertising with national grocery retailers such as Safeway Stores, Lucky Stores and American Stores Co.'s Alpha Beta division. Ralph's 138 stores accounted for 18% of Federated's 1985 sales.

In February, 1986, Federated announced an agreement to buy the real estate of 14 Zodys general merchandise stores in southern California from the Los Angeles-based Sterik Co. for undisclosed terms. Federated began converting one store a month into Ralph's Supermarkets, beginning in August, 1986. The new Ralph's stores feature warehouse style display for package goods and special sections for seafood, baked goods and deli.

Federated's 16-store Bloomingdale's unit had the largest measured ad spending of the 11 department store divisions with $5.8 million in media, up 18% over 1984. The spending was divided 40% magazine, 38% spot tv, and 22% newspaper supplement. Bloomingdale's continued its gradual expansion in 1986 with the October opening of its second Florida location in Boca Raton. Bloomingdale's is planning its next opening for 1988 in Chicago.

Brooklyn-based Abraham & Straus, a 16-store chain in the New York City area, was the second largest department store spender—$4.5 million in 1985, up 2%, almost entirely for spot tv.

Measured media spending was down for most of Federated's major department store divisions in 1985, including Miami-based Burdine's with 29 stores, down 24% to $2.1 million; Houston-based Foley's with 17 stores, down 24% to $3.2 million; and Dallas-based Sanger Harris with 20 stores, down 53% to $991,000. Measured spot tv dominated each unit's spending totals.

Bucking the trend toward reduced spending was Atlanta-based Rich's with 20 stores, where measured spending increased 39% to $1.4 million in the strong southeastern market.

MainStreet, a moderately priced soft-goods department store chain, began its long-awaited national expansion in 1986. The chain, which debuted in October, 1984, now has 12 stores in the Chicago area and recently opened three in Detroit as the first phase of a national expansion. Three more stores are planned for 1986.

Bannockburn, Ill.-based MainStreet parted ways with Chicago-based Wagner & Associates, in May, 1986. The account, which had measured spending of $714,000 in spot tv in 1985, ended up at W.B. Doner & Co., Southfield, Mich.

Also slated for national expansion is Filene's Basement, an off-price specialty store, which has added four stores in the northeast since the beginning of 1985, bringing its total to 20 stores. Other specialty stores undergoing rapid expansion include Pine Brook, N.J.-based The Children's Place, which grew to 162 stores in 1986 from 139 at the start of 1985. Federated also divested its Boston Store division in January, 1985, to Peoria, Ill.-based P.A. Bergner & Co. for $80 million. A spokesman says the eight-store division logistically did not fit into Federated's plans.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,500	$2,748
Newsp. supps.	1,086	1,513
Spot tv	25,635	26,217
Spot radio	1,048	1,252
Outdoor	126	63
Total measured	31,395	31,792
Unmeasured	38,000	38,480
Total	69,395	70,272

FEDERATED DEPARTMENT STORES
7 West Seventh St.
Cincinnati, O. 45202
(513) 579-7000

ABRAHAM & STRAUS
Brooklyn
Marketing Personnel
Doris Shaw, sr vp-sales promo
Francesco Cantarella, sr vp-dir public affairs
Nancy Ryan, vp-adv
Advertising Agency
(In-house).

BLOOMINGDALE'S
New York
Marketing Personnel
Gordon Cooke, exec vp-sales promo
Terron Schaeffer, vp-mktg
John Jay, vp-creative dir
Advertising Agency

Grey Advertising, New York—Herb Lieberman, sr vp; Marie Schell, vp-group mgmt super; Ann Rosenstein, acct super; Martha Sullivan, acct exec.

BULLOCK'S
Los Angeles
Marketing Personnel
Judy Farris, vp-sales promo, mktg & visual presentation
Advertising Agency
(In-house).

BULLOCK'S WILSHIRE
Los Angeles
Marketing Personnel
Shirley Wilson, mgr-sales promo
Karen Jones, adv mgr
Advertising Agency
(In-house).

BURDINE'S
Miami
Marketing Personnel
David Dyer, sr vp-dir mktg
Linda Frankel, operating vp-dir adv
Jorge Lopez, operating vp-adv admin & production
Jane Smiley, operating vp-special events & publicity
Advertising Agency
(In-house).

THE CHILDREN'S PLACE
Pine Brook, N.J.
Marketing Personnel
Vincent Vitolo, vp-mktg & visual presentation
Marcella Maffei, dir-mktg
Advertising Agency
(In-house).

FILENE'S
Boston
Marketing Personnel
John Ward, sr vp-genl merch mgr
Charlotte Brewer, vp-mktg
Dick Diamond, div dir-mktg
Advertising Agency

Saffer Advertising, Toronto—broadcast—Greg Crombie, vp-acct super; Patti Muldoon, acct exec; Susan Wolfe, asst acct exec.

FILENE'S BASEMENT
Wellesley, Mass.
Marketing Personnel
Sam DePhillippo, vp-mktg & planning
Advertising Agency
(In-house).

FOLEY'S
Houston
Marketing Personnel
Myrna Phillips, vp-mktg
Shelby Cochran, operating vp-creative dir
Ed Smith, dir-special events
Steve Rath, dir-rsch
Advertising Agency
(In-house).

Taylor, Brown & Barnhill, Houston—Don Brown, president.

GOLD CIRCLE/RICHWAY
Marketing Personnel
Al Thomson, vp-mktg
Liz Geurink, vp-adv
Advertising Agency

Ron Foth Retail, Columbus, O.—broadcast—Ron Foth, president; Chuck Morris, media mgr; Jennifer Lyon, dir acct services; Matt Dee, dir-creative; Bob Goldsmith, dir-special projects.

GOLDSMITH'S
Memphis
Marketing Personnel
Susan Weiner, vp-sales promo
Dorothy Stanton, adv dir
Advertising Agency
(In-house).

LAZARUS
Columbus, O.
Marketing Personnel
Timothy Worcester, sr vp-mktg
Herbert Frag.., vp-adv
Ralph Holt, dir-mktg
Advertising Agency
(In-house).

I. MAGNIN
San Francisco
Marketing Personnel
Wilmer Weiss, sr vp-corp comm
Virginia Ferrand, operating vp-sales promo
Jay Foss, div merch mgr
Judy Staschover, dir-direct mail mktg
Advertising Agency
(In-house).

MAINSTREET
Bannockburn, Ill.
Marketing Personnel
Steve Butterman, sr vp-mktg
Michael St. Pierre, vp-visual merch
Lyle LaMont, vp-admin & production
Sheila Dick, vp-creative dir
Advertising Agency

W.B. Doner, Detroit—Alan Kalter, exec vp; Sue Guise, acct super; Michele Kolcon, acct exec.

RALPH'S SUPERMARKETS
Compton, Cal.
Marketing Personnel
Al Marasca, exec vp-mktg
Frank Chessman, vp-sales & adv
Advertising Agency

DJMC, Los Angeles—Jim McKenna, vp-mgmt super.

RICH'S
Atlanta
Marketing Personnel
Donald Van Suilichem, sr vp-dir mktg
Alma Freedman, div vp-dir adv
Roger Nullman, div vp-visual merch
Thomas Smallwood, creative dir
Advertising Agency
(In-house).

SANGER HARRIS
Dallas
Marketing Personnel
Linda Knight, sr vp-mktg & public affairs
Wayne Franks, div vp-adv
Barbara Haskett, div vp-special events

Advertising Agencies

(In-house) Pacific Advertising.

Bloom Advertising, Dallas—media buying—Karen Coffey, vp-dir spot broadcast.

Firestone Tire & Rubber Co.

RANK 139

Akron, O.

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,836	4,001	(4.1)
Net income	3	102	(97.1)

U.S.	1985	1984	% chg
Sales	2,773	2,869	(3.3)
Operating profits	54	36	50.0
Advertising	61	50	21.6

Division sales	1985	1984	% chg
Tires/related prod.	3,404	3,569	(4.6)
Diversified prod.	432	432	0.0

Firestone Tire & Rubber Co., which continues to funnel advertising dollars into its expanding MasterCare tire and service outlets, is joining other industry members in restructuring its manufacturing end by planning to sell off its Firestone Steel Products Co., a leading supplier of truck wheels and rims.

The restructuring is expected to produce a loss for the final quarter of the 1986 fiscal year ended Oct. 31. Proceeds from the sale will help fund a stock repurchase of 5 million of its 39 million shares outstanding.

Firestone's push in the past few years has been on its MasterCare tire and service outlets. There currently are about 1,500 such company-operated stores in the U.S. Combined with the resale of automotive replacement parts to independent dealers, this accounted for about 17% of the company's consolidated net sales in 1985.

Firestone is one of the five largest tire manufacturers in the world. It also produces truck wheels and rims in North America, synthetic rubber, rubber roofing systems and air springs.

Firestone explains its poor net income performance in 1985 by a $57 million restructuring provision ($105 million pretax) that resulted in closing a plant in Albany, Ga., and curtailing or ending passenger car and truck tire production at the Des Moines, Ia., plant.

Firestone also showed itself elsewhere in 1985 to be a good corporate citizen. A subscriber to the Sullivan principles, the company decided to dedicate about 25% of its dividend income and trademark fees from its South Africa operations to education and training for blacks in South Africa. The board authorized chairman and ceo John Nevin to make up to $500,000 a year available to help blacks in the apartheid nation through 1987.

The company also announced it will offer free medical examinations at its tire plants across the U.S. to reassure current and former workers they have not been exposed to asbestos. The cancer-causing substance is used in the plants as an insulation material.

Firestone is struggling to increase its shares of the original equipment (OE) and replacement tire market. It trails Goodyear in both categories. According to estimates by *Modern Tire Dealer* magazine, Firestone holds 9.5% of the replacement passenger tire market, compared with Goodyear's 15.5%. In the domestic OE market, Firestone has an estimated 21.5% share, compared with Uniroyal's 22% and Goodyear's 32%.

Firestone supplies 21% of General Motors' original equipment tires; 39.5% of Ford's; 1% of Chrysler's and none of American Motors', Volkswagen of America's or American Honda Motor Co.'s.

Firestone does not report on advertising figures to the Securities & Exchange Commission. But the ADVERTISING AGE 11-media breakout for 1985 estimated measured advertising costs for the company at $25.5 million, an increase of nearly 22% over $21 million estimated in 1984.

The BAR/LNA seven-media total for 1985 was $24.2 million. The vast bulk of this, or $22.2 million, was spent in network tv. Magazines received $1.3 million, down 66%. Most of this went to promote the Firestone MasterCare auto centers. Spending on MasterCare amounted to $17.8 million, according to BAR/LNA seven-media totals.

The BAR/LNA measured media figures for 1984 show the company spent $19.6 million on advertising, making 1985 spending nearly 24% higher than the year before. Again, nearly 75% of the 1984 spending went for the retail auto maintenance and service stores.

Firestone also is touting a new product, the high-performance Firehawk GT, chosen as original equipment on the 1986 Pontiac Firebird. Ads by Brubaker, Cole & Associates are running in auto buff magazines. The Firehawk designation will be used as an umbrella name for all the company's high-performance tires.

Firestone also is adding high-performance auto service centers to its group of MasterCare centers. The company hopes to open 450 Performance Pro Shops by 1989, making it the largest performance tire and wheel distributor in the U.S. The company opened its first 85 stores April 1 and plans 50 more by the beginning of November.

Mr. Nevin set three goals for his tenure: profitability for tires in North America, getting the balance sheet in line and finding a company that would be a good fit.

According to Mr. Millis, the speculation is that no company wants to buy Firestone, regarded as a marginal player in the tire industry with a profitability below the industry average. He says the company will either be sold or will have to make a major acquisition in the next few years. Otherwise, he says, there is little in the way of long-term growth potential.

Firestone spokesman Jim Strandberg, however, points out that the purchase or lease of J.C. Penney Co. auto service stores for Firestone's MasterCare system is an "internal diversification" that's almost like buying another company.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,331	$3,796
Newspaper	84	252
Newsp. supps.	100	426
Bus. pubs.	443	288
Network tv	22,164	12,153
Spot tv	406	3,159
Network radio	7	0
Spot radio	564	334
Network cable	182	413
Outdoor	44	26
Farm pubs.	186	142
Total measured	25,512	20,989
Unmeasured	35,000	28,795
Total	60,512	49,784

FIRESTONE TIRE
& RUBBER CO.
1200 Firestone Pkwy.
Akron, O. 44317
(216) 379-7000

Marketing Personnel

Terry J. Renninger, vp-mktg
Gerald R. Kerr, dir-adv
Anthony J. Pence, creative dir
Charles M. Korich, retail adv mgr
Raymond Peters, prod coord

Advertising Agencies

Advanswers, St. Louis—retailers, tires, service & planning—John Marlow, sr vp-mktg dir; Fred Webber, sr vp-project group dir; Vernon Mottert, assoc group dir.

Brubaker, Cole & Associates, Hudson, O.—commercial tires, performance tires—Dave K. Cole, chmn; David J. Ferry, vp; John Marefka, sr art dir; Charles Dunn, copy dir; Cindy Mackey, media dir.

Karis Advertising, Cleveland, O.—Dayton tires—Pete Karis, president; Maggie Moore, creative dir.

Paul Schulman/Advanswers, New York—network tv—Paul Schulman, president.

Saffer Advertising, Toronto—retailers, tires & service—Terry Morgan, sr vp-acct services; Dave LaFerle, acct super.

State of Florida

RANK 190

Tallahassee

($ in millions)

U.S.	1985	1984	% chg
Advertising	35	31	12.4

Advertising by the State of Florida is virtually weatherbound, especially evident in 1984-85 when the orange crop was decimated by a winter kill. And while it lauds its home-grown product outside the state, Florida heavily pushes its vacation climate—all of which add up to more ad spending controlled by that state government than any other.

The state alone spent $22.2 million in 11 measured advertising media for its citrus, tourism and economic divisions, up 61% from 1984. Citrus products grabbed $19.7 million of the spending, and vacationing $2.2 million, according to Leading National Advertisers, which measures seven major media.

The state, according to its own estimates, spent $20.1 million on frozen orange juice, $200,000 on grapefruit juice and $1.7 million on all fresh citrus products. Most of the orange juice advertising was on tv, but print and radio were also used for all the advertising campaigns.

Florida also spent $9.9 million in 1985 on its Brand Advertising Rebate Program, which offers citrus brand owners and label owners an advertising rebate if they follow the "rules" established by the Florida Citrus Commission, says Don Farmer, the commission's deputy director. In 1986, it's estimated that $10.8 million will be

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spent on this program.

The citrus program is run by the Florida Citrus Commission, an extension of the State of Florida, and funded by an exise tax on every box of fruit from brand and label owners. In 1985, the tax on a 90-pound box of fresh oranges was 18¢, while the tax on a box of fresh grapefruit was 25¢, says Don Farmer, deputy director of the citrus division.

The exise tax in 1985 was less than the tax in 1984 because of the freeze that traumatized Florida's citrus industry near the end of January, 1985. U.S. grocery store sales for 1985, show that 817 million equivalent gallons of orange juice were sold, with a majority of it being produced in Brazil because of freezing problems in previous years.

In 1986, it is estimated that 886 million gallons of orange juice will be sold domestically—132.4 million gallons of those gallons being produced in Florida compared with 292.4 million gallons now being produced in Brazil, according to Mark Brown, acting economic research director for Florida's Department of Citrus, Gainesville.

Also in 1985, the state launched a Florida Seal of Approval campaign, which tells the consumer that the product, usually fruit, is packaged to Florida's approval. The program already is being used by 80% of the brand and label owners in Florida, Mr. Farmer says.

For the grapefruit section of the citrus market, Florida uses advertising that specifically reaches out to the health- and weight-conscious consumer. This grapefruit campaign in 1985 ran under the theme, "Florida is Citrus."

Florida's advertising budget of $2.2 million for tourism in 1985 remained about the same as in 1984, according to LNA. However, the influx of tourists increased. In 1985, Florida was visited by 30.1 million visitors from the U.S. and Canada, a total that was 7% higher than 1984. The increase was attributed to the Florida's use of promotions and advertising, decreased airfares and decreased gas prices.

Florida reported to AD AGE that it spent $4.3 million in 1985 on tourism promotion, 70% of which was on tv and 30% in print advertising for an out-of-state campaign aimed at vacationers, says Chuck Roedema, senior vice president at Miami-based Beber, Silverstein & Partners, which focused in 1985 on Florida's diversified vacation destinations and activities.

The tourism division also used the public service markets for in-state messages, which told Floridians to stay in Florida for their vacations. This unmeasured advertising included tv and a four-color insert in all of Florida's papers' Sunday sections on June 1. It's estimated that between May and September, 1986, Florida's tourism department received almost $2 million in free media exposure due to public service messages.

The 1985 campaign (winter) also had a different emphasis than the 1984 campaign (spring). The winter campaign focused on couples and highlighted the southern Florida markets, while the spring campaign concentrated on families and spotlighted the central and northern Florida vacation spots, including Walt DisneyWorld, Sea World and other family-oriented tourist stops.

The 1985 spring campaign was geared to the mid-Atlantic and southern states, or those within driving distance for families. The 1985 winter campaign, bearing the theme, "Florida ....we've got it!" was targeted at 21 northern markets mostly east of the Mississippi.

Florida also has discovered that Canada is a great tourist market to tap. The Florida Commerce Department estimates that slightly more than 8% of Canada's population travelled to Florida during the height of the 1985 winter.

Florida's local markets, like Orlando, Miami, Palm Beach, do their own advertising. They have their own themes and campaigns, and collectively, they by far outspend the tourism division's budget. In 1985, local communities together spent about $30 million on individual advertising, Mr. Roedema says.

Last month, Florida released its newest ad campaign, which moves away from the diversification strategy used in 1985.

The campaign focuses on the benefits of any vacation. The ads promise an easy, relaxing, memorable vacation experience in Florida. The state will be spending an additional $500,000 on the new campaign.

Florida's Economic Development Division spent $700,000 in 1985 to draw new business including the motion picture and music video industry, international companies and the export industry. The $700,000 was spent entirely on magazine advertising.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,823	$5,323
Newsp. supps.	193	39
Network tv	13,772	10,856
Spot tv	2,862	3,478
Spot radio	0	15
Network cable	497	0
Total measured	22,147	19,711
Unmeasured	13,000	11,570
Total	35,147	31,281

STATE OF FLORIDA
DEPARTMENT OF COMMERCE
DIVS OF TOURISM AND ECONOMIC DEVELOPMENT
107 W. Gaines St.
Tallahassee, Fla. 32301
(904) 334-4200

TOURISM DIVISION
Marketing Personnel
Dean Gaiser, dir tourism
Advertising Agency
Beber, Silverstein & Partners Advertising, Miami—Chuck Roedema, sr vp-acct super; Betty Gayle, asst acct exec.
ECONOMIC DEVELOPMENT DIVISION
Marketing Personnel
Steve Mayberry, dir economic devel
Advertising Agency
Beber, Silverstein & Partners, Advertising, Miami—Chuck Roedema, sr vp-acct super; Betty Gayle, asst acct exec.

FLORIDA CITRUS COMMISSION
P.O. Box 148
Lakeland, Fla. 33802-0148
(813) 682-0171
Marketing Personnel
R. William Becker, chmn
Dan L. Gunter, exec dir
Harry Boardman, dir-mktg
Harry Rixman, intl mktg dir
Advertising Agencies
DFS Dorland Worldwide, New York—Robert K. Eagen, mgmt super.
Fry/Hammond/Barr, Orlando—fresh fruit—Charles Fry, president.

Franklin Mint Corp.

RANK **171**

Franklin Center, Pa.

($ in millions)

Worldwide	1986	1985	% chg
Sales	350	290	20.7
U.S. advertising	46	44	6.5

A glittering 1986 campaign may signify the intent of the new owners of the Franklin Mint Corp. to renew interest in the company's original product, commemorative coins. Today, minting and sales of coins and medals account for only 7% of the company's business. But that may change with the newest product, jewelry featuring gold coins.

During 1985, the privately held manufacturer and marketer of collectibles, jewelry, books and records had estimated sales of $290 million. Franklin Mint's customers, reached through direct mail, magazine, newspaper and tv pitches or retail stores, are expected to spend $350 million in 1986.

In March, 1985, Warner Communications sold a majority interest in Franklin Mint to American Protection Industries, a private company owned by Stewart and Lynda Resnick, for $100 million in cash and $67.5 million in seven-year, 9% notes.

Los Angeles-based American Protection Industries' holdings include American Protection Alarms and Tele-Flora, the second largest floral delivery network in the U.S.

In addition to maintaining a 15% interest in Franklin Mint, Warner has the option to buy another 15%. Warner also retained ownership of the company's headquarters, which it leases to Franklin Mint, according to Susan Mahon, manager of the database for *Mergers & Acquisitions* magazine.

Warner paid $225 million for the company in 1981, which then had revenues of $360 million. The Franklin Mint was founded in 1966 by Joseph Segel as the National Commemorative Society. The company went public in the early 1970s.

Renewed interest in the company's minted products is attributed to Ms. Resnick. The co-owner, who also is an exec vp-marketing, anticipated an emerging fashion trend will be the coin jewelry. To promote the line, Franklin Mint employed model Paulina Porizkova, a cover model in *Sports Illustrated's* swimsuit issue.

Current items included a sterling silver coin electroplated with 22 karat gold selling for $250, a $150 necklace of Caribbean coins and a $975 Egyptian coin watch for men.

Other recent products marketed by Franklin Mint include a Civil War chess set, pewter model trains, a series of "Gone with the Wind" dolls, a coin continuity program aimed at children, limited edition books and a variety of porcelain items. Porcelain, which is used in several of the mint's lines, is the biggest selling item.

All advertising and marketing activity is conducted in-house. All minted items are produced at the mint's headquarters, while other products may be produced as far away as China, France or Malaysia. Franklin also mints coins for various foreign governments.

Direct marketing insiders estimate Franklin Mint's sales are as much as five times larger than those of its nearest competitors, such as the Danbury Mint, the Bradford Exchange or Lenox Collections.

Much of the company's sales growth depends on the strength of its mailing list. Franklin Mint's house list, which may contain as many as 3 million names, is closely guarded. "They won't rent their names to anyone because of the list's value," says Shell Alpert, chairman of Alpert, O'Neil, Tigre & Co., a Philadelphia-area direct response consultancy and service. To succeed in the collectible market, Mr. Alpert says, a company must reach an audience of hard-core buyers, which he estimates at only about 750,000.

According to a company spokesman, Franklin Mint collectors are between 35 and 50 years old and have above-average education and income. More than 28% have household incomes of more than $50,000.

To reach this group, in 1985, the company spent $29.4 million in six measured media, according to Leading National Advertisers. The bulk of Franklin Mint advertising, or $16.3 million, was placed in magazines, down 6.9% from $17.5 million in 1984.

An additional $15.7 million was spent in newspapers and newspaper supplements, up 21.7%. Spending includes $2.8 million in spot tv, down from $3.7 million in 1984, and only $13,000 in network tv, up from $6,000.

Among individual product lines, porcelain received the bulk of ad spending, with a six-media total of $10.7 million, up 138% from $4.5 million in 1984. Spending declined 18.2% on Franklin Library Books to $4.5 million, and dropped 7.9% for Franklin Mint Collections, to $13.9 million.

Franklin Mint Record Society spending dropped from $863,800 to $73,300 in 1985, while all money was pulled out of measured media for Franklin Jewelry, which spent only $52,000 in 1984.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$16,349	$17,495
Newspaper	6,960	7,036
Newsp. supps.	8,741	5,854
Bus. pubs.	55	53
Network tv	13	6
Spot tv	2,821	3,777
Network cable	1,511	0
Total measured	36,450	34,221
Unmeasured	10,000	9,388
Total	46,450	43,609

THE FRANKLIN MINT
U.S. Route 1
Franklin Center, Pa. 19091
(215) 459-6000
Corporate Personnel
Stewart Resnick, chmn
Marketing Personnel
Lynda Resnick, exec vp-mktg
Arthur Johnson, vp mktg-female collectibles
Thomas Durovsic, vp-mktg, functional& home decor
Alan Beer, vp-media mgmt
Nick Mitchell, creative dir
Karen Teitelbaum, pr dir
Advertising Agency
(In-house.)

Fuji Heavy Industries

RANK **182**

Tokyo

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,750	2,466	11.5
Net income	61	62	(1.9)
U.S. advertising	41	33	24.1

Division sales	1985	1984	% chg
Auto	2,292	2,090	9.7
Aircraft	148	97	52.6
Buses	118	108	9.3
Engines/mach.	107	95	12.6
Rolling stock	85	77	10.4

Subaru of America, the U.S. distributor for Fuji Heavy Industries Ltd. of Japan, introduced almost a full, new line of products in 1985 and could have sold more had it not been for the Voluntary Restraint Agreement restrictions limiting Japanese auto sales in the U.S., says the company.

Ranked No. 1 in 1985 automotive profitability and growth by Forbes magazine, Subaru increased its 1985 measured advertising spending to $34.7, up 33% from 1984. It also entered into an agreement with Isuzu Motors to build a U.S. assembly plant with a startup date of 1990. U.S.-assembled cars do not fall under restrictions facing Japanese imports.

During the year, Subaru, the Pennsauken, N.J.-based sales and distribution center for Tokyo-based Fuji, introduced the Subaru Wagon, the Subaru 4-door and the Subaru XT Coupe.

The company in 1986 is citing the "difference" it has been touting in its

---

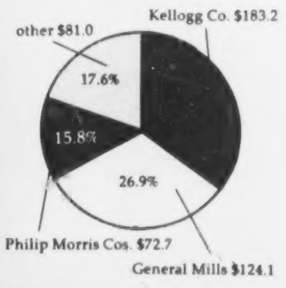
Look westward!

Frank Gibney, president of Pacific Basin Institute in Santa Barbara, says in the SmithKline Beckman annual report that "East Asian economies have been growing at nearly double the rate of the European nations for two decades. The Pacific Basin nations, including the U.S. and Canada, will account soon for half the world's gnp.

Top three advertisers in selected food categories

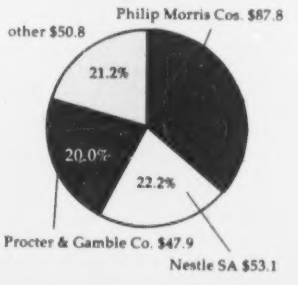
Cereals

Total spending: $461.0



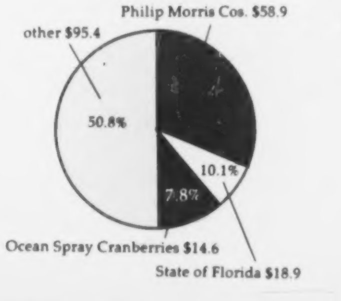
Coffee, tea, cocoa & derivatives

Total spending: $239.6



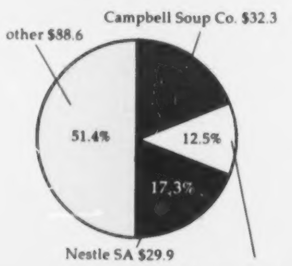
Fruit juices & drinks

Total spending: $187.8



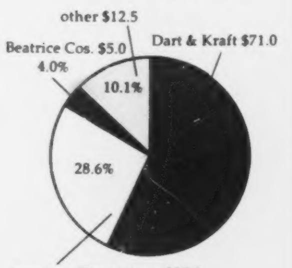
Chili, prepared dinners & stew

Total spending: $172.4



Cheese

Total spending: $124.0



Source: Leading National Advertisers 1985 Class/Brand reports.
NOTE: Dollars in millions. Amounts represent LNA 7-media totals only. Other media measuring services define categories differently.

ad themes the past two years. That 1985 theme, "Inexpensive and Built to Stay That Way," centers around Subaru's newest product, the Subaru 3-door, introduced in the beginning of 1986. The theme is an evolution of the 1985 theme, "The greater difference," and the 1984 theme, "the Subaru difference."

Subaru's future growth depends greatly on import restraints, says Syd Havely, the company's national corporate affairs manager. The restraints, which regulate how many cars Subaru and other Japanese manufacturers can sell in the U.S. under the VOA, were supposed to be lifted in March, 1985, but instead have been extended until March, 1987. They are industry self-imposed restraints.

In 1985, Subaru's vehicle quota was about 175,000 vehicles. With selling from its 1984 inventory and its allotted quota, Subaru sold 178,175 vehicles in 1985. "We can sell every car we can get our hands on," Mr. Havely says. Subaru's estimated growth for the next few years is projected to be 10% annually.

Because of restraints, Subaru's market share of all import sales remained relatively the same as in 1984, or about 7%. According to Detroit-based *Ward's Automotive Magazine,* Subaru is fifth on the list of top imported cars, behind Toyota, Nissan Imports, Honda and Mazda.

Of the 2.3 million Japanese imports sold in the U.S. in 1985, Subaru's 178,175 accounted for 8% of Japanese imports, Mr. Havely pointed out.

Subaru continues to target its market strategy at specific segments, including passenger cars and trucks with four-wheel drive and front wheel/four-wheel drive. Subaru also directs its advertising at specific consumers, concentrating on men and women 25 to 49, with a $30,000 plus annual income.

The theme for Subaru's 1985 campaign was, "Subaru, Inexpensive. And built to stay that way." The theme was used to introduce 1985's new line, with almost half of the ad dollars devoted to the new Subaru Wagon. In 1985, passenger cars received about $29.3 million, or 84%, of the company's measured advertising budget, according to Leading National Advertisers, which measures seven media.

Subaru continued to focus on enhancing its use of network tv for advertising. In 1985, it spent 36% of its measured total on that medium, followed by 25% on spot tv, 19% magazines, and 15% newspapers. That compares with a mix in 1984 of 54% network tv, 22.5% spot tv and 19.5% magazines. No monitored spending was counted for newspapers in 1984.

To increase the number of vehicles that Subaru can sell in the U.S., the company signed a joint effort agreement with Isuzu in 1985 to build a domestic plant. Fuji is still searching for a site. The U.S.-assembled units are expected to add an additional 60,000 vehicles to the market when the plant opens for its first year in 1990.

During 1985, customers were lured by the quality, durability, performance and driveability Subaru touted in its advertising. According to a 1985 survey by J.D. Power and Associates, measuring customer satisfaction levels of 30 imported and domestic cars, Subaru ranked second only to Mercedes Benz.

But in the 1986 survey, Subaru dropped to No. 7. Analysts attribute the drop to the birthing pains that accompany any new product's introduction into the market. With the new line of automobiles introduced in 1985, customers were bound to find problems. "In typical Subaru style, the bugs will soon be worked out and they'll work their way to the top again," says an analyst.

A great grocery innovator

The Great Western Tea Co., founded in Cincinnati in 1883 as a coffee, tea and sugar dry goods store, had four stores two years later, expanding that number to 40 by 1902, when it changed its name to Kroger Grocery & Baking Co. National expansion came in 1912 with the purchase of a St. Louis-based grocery chain. Kroger was the first grocery chain to operate its own bakeries, the first to put in meat departments and the first to own its truck fleet.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,505	$4,557
Newspaper	4,321	0
Bus. pubs.	44	57
Network tv	10,524	12,615
Spot tv	7,261	5,247
Spot radio	727	595
Network cable	426	265
Outdoor	196	26
Total measured	29,004	23,363
Unmeasured	12,000	9,666
Total	41,004	33,029

SUBARU OF AMERICA
7040 Central Highway
Pennsauken, N.J. 08109
(609) 488-8500

Corporate Personnel
Marvin Riesenbach, exec vp
Marketing Personnel
Robert Whitehead, group vp-engineering & prod planning
Dave Sippel, vp-corp comm
Eugene Egan, vp-sales
Paul Utans, vp-governmental affairs
Christopher Wackman, natl adv mgr
Advertising Agency
Levine, Huntley, Schmidt & Beaver, New York—Michael Elkisch, acct super; Terry Bonaccolta, mgmt super; Bernie Lanigan, acct exec.

RANK **129**

E&J Gallo Winery

Modesto, Cal.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	650	585	11.1
U.S. advertising	63	49	27.7

Riding the crest of the booming wine cooler market, E&J Gallo Winery transformed its 1985 advertising schedule as it made major shifts in advertising weight behind its products.

During 1985, Gallo entered the growing wine cooler market at mid-year with Bartles & Jaymes, rising to the No. 2 position in that category behind Brown-Forman's California Cooler by year end, and passing California Cooler in early 1986. A highly popular tv campaign created by Hal Riney & Partners, San Francisco, helped put B&J on top of the increasingly crowded cooler heap.

According to the 1986 edition of "American Wine Market Review and Forecast" (a publication of *Impact*, the wine and spirits newsletter), B&J will grab 22% of the 72.4 million, 9-liter cases expected to be sold by all producers in 1986. California Cooler will take about 18%.

Privately held Gallo had 1985 sales estimated by *Impact* at $650 million, up from $585 million in 1984. It held 26% of the total U.S. wine market in 1985 and its Gallo brand remained the No. 1 brand in the wine and distilled spirits field.

Bartles & Jaymes in its half-year on the market in 1985, drew $17.2 million in ad spending—$13.3 million in network tv and the rest in spot tv. The multi-spot tv campaign features the mythical creators of the cooler, the always silent Ed Jaymes and slow-talking Frank Bartles whose aphorisms and home-spun charm engage the viewer.

Wine coolers sold some 15 million cases in 1984; 38 million in 1985, and sales of 72.4 million cases worth about $1.4 billion are expected this year, *Impact* predicts.

While B&J was basking in its large ad budget in 1985, Gallo's Polo Brindisi was languishing. A Lambrusco-style wine introduced in 1983 and still struggling against such brands as Riunite, it had received $8.6 million in ad support in 1984, but not a penny in 1985, according to LNA. "But that's normal in the wine industry," an *Impact* spokesman says. "Wineries put their advertising dollars where it's hot." Despite getting the ad ax, Polo sales increased slightly in 1985.

Gallo's Andre brand, which includes Andre champagne, the No. 1 domestic seller, received $4.6 million in ad spending in 1985, down 33%. Likewise, advertising for E&J brandy, the leading domestic brand in sales, was pared to $66,000 from $960,000 in 1984. Carlo Rossi, Gallo's lower-priced label, however, had expenditures of $2.7 million, up from $78,000 in 1984, all on network tv. Rossi was the nation's No. 2 selling wine in 1985, with 17.1 million cases, second only to Gallo-label wines, which sold 18.4 million cases.

Including expenditures for other Gallo wine products such as Boone's Farm and Thunderbird, Gallo spent $17.8 million in 1985 advertising its label wines, up from $16.4 million. Gallo-label wines in 1984 were advertised exclusively on tv; 1985 expenditures included almost $4 million in magazines and newspaper supplements.

Rivaling the Bartles & Jaymes spots in popularity was another Riney hit for Gallo Winery, a series of festive, family-oriented spots that contain background music by Vangelis, the Academy Award-winning composer of "Chariots of Fire." A Gallo spokesman says the winery receives about 10 calls a day from viewers asking where they could buy the score. The tune, the spokesman says, is virtually the same as a number called "Hymne" on Vangelis' album "OperaSauvage."

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,386	$747
Newspaper	396	643
Newsp. supps.	235	0
Network tv	33,571	30,615
Spot tv	4,114	1,313
Spot radio	59	0
Outdoor	66	214
Total measured	42,826	33,531
Unmeasured	20,000	15,659
Total	62,826	49,190

E&J GALLO WINERY
600 Yosemite Blvd.
P.O. Box 1130
Modesto, Cal. 95353
(209) 579-3111

Corporate Personnel
Ernest Gallo, chmn
Julio R. Gallo, president
Advertising Agency
Hal Riney & Partners, San Francisco—E&J Gallo corp, Gallo varietal—Samuel Hershfield, acct super; Martin Wenzell, acct exec.

RANK **179**

Hallmark Cards

Kansas City, Mo.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	1,500	1,500	0.0
U.S. advertising	42	68	(38.6)

Hallmark Cards showed virtually no growth in 1985 as it recorded in excess of $1.5 billion in revenues to defend its No. 1 position in the greeting card market against American Greetings Corp., Cleveland, which recorded revenues of $1.03 billion.

Privately owned Hallmark and Ambassador control 40% of the $3.4 billion U.S. greeting card market, followed by American Greetings and Gibson Greetings, Cincinnati. More than 22,000 retail outlets carry Hallmark cards. Half are gift and stationery shops and the rest department and drug stores. Hallmark owns 250 outlets.

Ambassador Cards was founded in 1959 and the products are sold through 15,000 chain groceries and other mass-market outlets. A separate staff produces and markets the Ambassador line, which Hallmark describes as the third biggest greeting card seller with annual sales this year of $310 million.

There was a shift in moods from conventional to nontraditional this year as Hallmark introduced its Shoebox Greetings line of 800 contemporary cards to compete against smaller companies like California Dreamers and Maine Line. The line, which resembles the merchandise offered by Chicago-based Recycled Paper Products, is the company's first step toward attracting younger consumers.

California Dreamers says the risque segment, which it claims to have pioneered, is growing at a rate of 25%, compared with 5% for the industry. It's that difference that has brought Hallmark, which the stationery industry cites as being a "conservative" company, into the adult market.

The Shoebox Greetings cards feature bold graphics and expressions. One card, for example, says, "Mother, I finally found a birthday card that you'll really like and always treasure . . . happy birthday from your daughter, the virgin."

Concerned that stores will drop its card line in favor of the Shoebox cards, California Dreamers mailed in May a "Declaration of Independence to all Hallmark retailers" to inform them of Hallmark's "wrongdoing." Recycled Paper Products got into the act by running its own protest ad in July issues of paper goods trade journals; Sandra Boynton, creator of RPP's Boynton Bear, filed a separate lawsuit against Hallmark for copyright infringement. It is pending.

Hallmark has no plans to advertise its Shoebox line on tv, but the company ran a national print ad promoting the line in October issues of *Cosmopolitan, Glamour, People* and *Rolling Stone.* An actual card accompanied the ad, which encouraged consumers to either "swipe it" from the issue or go to a Hallmark store to buy one.

Hallmark added the phrase "go to Hallmark" to the end of its "When you

WHY BE A LITTLE FISH IN A BIG POND?

FOOD SALES ARE COOKING IN YUMA-EL CENTRO.

Yuma-El Centro has a big appetite. In just five years, food sales per household increased 45.2%, outperforming the state by 21%, region by 20% and entire United States by 28%. Effective Buying Income increased 42.6% and is expected to increase 61.3% by 1989. So if you're hungry for greater sales, KYEL-TV in Yuma-El Centro has the appetite to satisfy your craving.

KYEL-TV DOMINATES THE MARKET.

We've got the facts, figures and programming, including the #1 News, to help your sales do some cooking of their own.

BE A BIG FISH

BEAM COMMUNICATIONS

NBC KYEL-TV, NBC, Yuma, AZ – El Centro, CA
WDAM-TV, NBC, Laurel-Hattiesburg, MS
WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Represented by Katz Continental

YUMA, ARIZONA
EL CENTRO, CALIFORNIA

Source: 1985 Survey of Buying Power

KYEL-TV NBC
YUMA, ARIZONA-EL CENTRO, CALIFORNIA

care enough to send the very best" tag line in December, 1985, to add more force to its traditional theme. Tv spots featuring a storyteller offer a "gentle call to action" to consumers wishing to correspond with loved ones.

Network tv continues to attract most of Hallmark's ad dollars in the 11 measured media. In 1985, network tv's share of the 11-media spending total was 90%, up from 68.5% in 1984. The main loser in the media mix shift in 1985 was magazines, from 11% of the total measured in 1984 to 3.8% in 1985.

Total measured spending dropped 38% for the 11 media to $24.9 million as Hallmark cut advertising on cards, virtually all on tv, from $27.6 million in 1984 to $16.9 million in 1985. Crayola crayons and toys support fell from $2.5 million to $1.7 million, and multiproduct advertising as a category fell from $6 million in 1984 to $2.8 million in 1985.

In April, Hallmark introduced A la Mode as its first cooperative effort. A la Mode is a series of 16 birthday and friendship cards with ice cream designs on the cover that offer coupons for free Baskin-Robbins ice cream on the back.

In June, the company debuted its 1986 picnic collection featuring Summer Stripes tablewear. A consumer promotion, called the Hallmark Summer Stripe Games, also began then. Two separate games with a total of $50,000 in prize money and 5,000 second prize Weber barbecue grills, generated increased store traffic for Hallmark's 22,000 retail outlets nationwide.

A new line of Halloween products aimed at the growing adult costuming market debuted in October. Included in this "Boo Bazaar" are monster tails, spider headbands, dragon-shaped neckties, creature beanies and "ghoul jewels."

Christmas, 1986, will bring the most comprehensive retail promotion ever offered by Hallmark to its retailers. The package includes open house products, special retailer discounts and a drawing for a free Christmas tree. Hallmark will break new national tv holiday spots at this time.

The holidays also will set the stage for Ambassador's introduction of Home-Sweet-Homemade food wraps. The 12-item line of decorative food packaging includes pie boxes, bottle bags, jar topper kits, recipe cards and baking labels.

Hallmark Properties in 1985 created and marketed The Hugga Bunch in conjunction with Kenner Products, Cincinnati.

"Zoobilee Zoo," a children's daily tv series produced in cooperation with DIC Enterprises and BRB Productions, debuted in September, 1986.

In 1987, Hallmark Properties will introduce "Auntie Em"—its first line of coordinated home furnishings licensed to outside manufacturers. American Country designs decorate the items, which include Anchor Hocking beverage and dinnerware, Wamsutta fabric and Barth and Dreyfuss of California kitchen and bathroom towels.

Hallmark in July, 1986, purchased 50% of five full-power and five low-power tv stations from Spanish International Communications Corp., New York, for $150 million. As prospective buyer, Hallmark said it is committed to continuing the stations' Spanish-language programing beyond the minimum two-year period stipulated as a condition of the sale. The five full-power uhf stations are: WXTV in Paterson, N.J.; KMEX in Los Angeles; WLTV in Miami; KWEX in San Antonio, Tex., and KFTV in Fresno, Cal. First Chicago Venture Capital purchased the other 50%.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$941	$11,048
Newspaper	558	229
Bus. pubs.	196	0
Network tv	22,329	27,813
Spot tv	871	1,388
Spot radio	5	2
Network cable	0	83
Outdoor	1	0
Total measured	24,901	40,562
Unmeasured	17,000	27,693
Total	41,901	68,255

HALLMARK CARDS INC.
2501 McGee
P.O. Box 580
Kansas City, Mo. 64141
(816) 274-5111

Corporate Personnel

Donald J. Hall, chmn
David H. Hughes, vice-chmn
Irvine O. Hockaday, president-ceo
Robert L. Stark, exec vp
Charles W. Hucker, div vp-public affairs & comm
Nancy Matheny, dir-comm

Marketing Personnel

Jim C. Rood, group vp-admin
Lanny Julian, Hallmark vp-Hallmark sales, president-Hallmark mktg corp
Bob Firnhaber, president, Ambassador Cards
Homer C. Evans, Hallmark vp-Hallmark Cards prods div
Thomas H. Johnston, Hallmark vp-Hallmark specialty prods div
W. Clark Randall, Hallmark vp-prod innovation
Brad Moore, dir-adv & tv programing
Bill Stacy, div vp-Ambassador sales
Pat Cullinan, div vp-Ambassador sales devel
Buddy Jones, corp prod dir

Advertising Agencies

Ogilvy & Mather, New York—social expression prods—Ken Roman, president; Dave Warden, sr vp-acct group dir; Linda Cornelius, vp-mgmt super; Stephen Harty, acct super.

Valentine-Radford, Kansas City, Mo.—Bob Brooks, president; Chuck Curtis, sr vp-dir client services.

HALLMARK INTERNATIONAL
Corporate Personnel

Stanley Hamilton, president

HALLMARK PROPERTIES
Corporate Personnel

Stanley Hamilton, president

BINNEY & SMITH
Easton, Pa.
Marketing Personnel

Jack F. Kofoed, chmn
Richard S. Gurin, president-coo
Steve Yanklowitz, vp-genl mgr, Crayola prods div

Advertising Agency

DDB Needham Worldwide, New York—Crayola prods—James Kuras, president; Richard Murray, sr vp-mgmt rep; Barrie Dolnick, acct super.

CHARLES D. BURNES CO.
Newton Center, Mass.
Marketing Personnel

Stanley D. Greene, chmn
Charles Gordon, president
Jack Madden, vp-sales & mktg

Advertising Agency

Jackson-Blum, Boston—picture frames—William Blum, president-acct super.

CROWN CENTER REDEVELOPMENT CORP.
Kansas City, Mo.
Marketing Personnel

Robert A. Kipp, president
James Dawson, vp-mktg
Steve Doyal, mktg services dir

GRAPHICS INTERNATIONAL
Kansas City, Mo.
Marketing Personnel

Thomas Johnston, president
Jim Grabowski, vp-Heartline
Keith Ellenberger, vp-Trading Co div

LITHO-KROME CO.
Columbus, Ga.
Marketing Personnel

L. Lamar Powers, president-genl mgr
Bucky Bowles, vp-mktg & personnel

TRIFARI, KRUSSMAN & FISHEL
East Providence, R.I.
Marketing Personnel

Stanley D. Greene, chmn
Jim Northrop, president
Robert D. Sangster, exec vp
Dave Cierzan, vp-mktg
Nancy Perlman, dir mktg

Advertising Agency

AC&R Advertising, New York—Trifari fashion jewelry—Stephen Rose, chmn; Sheldon Marks, exec vp-mgmt super; Karen Amorelli, sr vp-acct super.

Hattori-Seiko Co.

RANK **144**

Tokyo

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,906	2,061	(7.1)
U.S. advertising	57	38	51.2

Private, family-owned Hattori-Seiko Co. Ltd. of Japan, parent company of Hattori Corp. of America, boosted measured ad spending by 51% in 1985 over the previous year and in 1986 has been expanding that major advertising push with major campaigns promoting its Seiko, Lassale, Jean Lasalle, Pulsar and Lorus brand names.

The company dominates the world watch market, its main area of business. The company markets watches and clocks in the U.S. through its various subsidiaries under Seiko, Pulsar and Lorus brands and through its Special Products Division, which manufactures Jaz watches and private label brands. Other areas of business include computer peripherals and consumer electronics.

Estimates of the parent company's 1985 worldwide sales are $1.91 billion, down 6.8% from $2.05 billion in 1984, according to Joe Thompson, editor of *Modern Jeweler*.

Seiko, whose sales exceeded those of its closest two competitors combined, sold more than 3.3 million watches in the U.S. in 1985.

Since Seiko began marketing watches in this country in 1968, it has sold an estimated 35 million timepieces, according to the company. It is the best-selling watch brand in the middle market category ($50 to $300 price range), Mr. Thompson says. The second biggest seller in the category is sister company Pulsar, which sold 2.1 million units in 1985. Other competitors include Citizen Watch Co., based in Japan and the second largest watch company in the world, and U.S.-based Bulova.

Advertising for Seiko brands is concentrated on tv, with $4.7 million spent on network tv and $3.4 million on spot tv last year. All in all, Seiko received the most advertising support, $11.2 million, of all Hattori's U.S. lines.

A new campaign from Seiko's agency, AC&R Advertising, New York, which features the testimonials of happy Seiko owners, will break in late November. Scheduled to run until Christmas on the top 20 prime-time shows, the campaign is expected to reach 97% of all U.S. households nine times during the four weeks, according to David Strousse, vp-advertising and promotion for Seiko.

But the area where Seiko is making the most impact in product terms is in the clock business. According to Mr. Strousse, clocks are the highest growth area of the company's business, as sales have exceeded expectations and catapulted Seiko into the leading position in the market.

Seiko has launched such designs as the Avant Gray line to prompt impulse buying in this increasingly important category that feeds into the home and office decor market.

Seiko subsidiary Jean Lassale, the company that produces solid 18-karat gold watches for the upper end of the market ($2,000 to $8,000 average price), is still not a significant factor in the company's sales, even after five years with Seiko, according to an industry source. However, Mr. Strousse points to the 18-karat gold, porthole-designed Thalassa line ("The Sea" in Greek) as a success and the backbone of the Jean Lassale name.

Thalassa watches are being promoted in upscale magazines, newspapers and city magazines. In 1985, measured spending for Jean Lassale watches totaled $6 million.

This fall, Lassale will embark on its biggest magazine campaign to date with appearances in such higher demographic books as *The New Yorker*, *Town and Country* and *Vanity Fair*. Having abandoned spokeswoman Catherine Deneuve in favor of a poster-technique approach in the current campaign, AC&R promotes Lassale watches as "*La Masculine, La Gorgeous*." The largely print campaign will be supported by tv in major markets.

Pulsar watches, promoted with the theme "The world knows a great watch when it sees one," received $7.7 million in advertising in 1985. A new campaign from Ammirati & Puris, New York, is aimed at repositioning the brand to appeal to fashion seekers. Advertising consisted primarily of tv, mainly network.

Spot tv remains Hattori's largest recipient of advertising spending for watch products, although the total spent for spot tv decreased by 21% from 1984. Network tv received a dramatic boost, from $427,000 in 1984 to more than $10 million in 1985. Newspapers, which were not used in 1984, received $5.6 million in media allotment from Hattori in 1985.

Lorus watches, with more than $3.5 million in media backing, were billed as "more watch than humanly possible" as Lorus tackled the lower end of the watch market in which it sold 3 million units in 1985. That segment is dominated by Timex, which sold 15 million units in 1985, while the second largest player is Japanese-based electronics giant Casio, according to Mr. Thompson.

Swiss-based ETA is becoming a big factor in the market. It sold 3 million watches through its Swatch Watch USA unit in 1985.

In personnel, Robert Pliskin, president of Seiko Time Corp., assumed the additional role as head of marketing for all Hattori watch brands in the U.S.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,180	$2,727
Newspaper	5,638	0
Newsp. supps.	102	64
Bus. pubs.	63	24
Network tv	10,158	427
Spot tv	14,029	17,754
Spot radio	3	0
Network cable	947	1,525
Outdoor	59	82
Total measured	34,179	22,602
Unmeasured	23,000	15,210
Total	57,179	37,812

100 leading national advertisers

Rank	Company	Advertising	Rank	Company	Advertising	Rank	Company	Advertising
1	Procter & Gamble	$1,600,000	35	Eastman Kodak Co.	$247,300	69	American Dairy Assn.	$121,000
2	Philip Morris Cos.	1,400,000	36	Quaker Oats Co.	245,997	70	CPC International	120,000
3	RJR/Nabisco	1,093,000	37	Sterling Drug	224,940	71	Hershey Foods Corp.	118,990
4	Sears, Roebuck & Co.	800,000	38	Campbell Soup Co.	215,059	72	Wendy's International	115,000
5	General Motors Corp.	779,000	39	CBS Inc.	208,000	73	Hasbro Inc.	114,849
6	Beatrice Cos.	684,000	40	Mobil Corp.	195,262	74	Stroh Brewery Co.	113,000
7	Ford Motor Co.	614,600	41	Tandy Corp.	186,861	75	E.I. du Pont de Nemours & Co.	112,184
8	K mart Corp.	567,000	42	Beecham Group plc	186,322	76	Jos. E. Seagram & Sons	110,183
9	McDonald's Corp.	550,000	43	Grand Metropolitan plc	176,749	77	Union Carbide Corp.	110,000
10	Anheuser-Busch Cos.	522,900	44	Batus Inc.	175,420	78	Bayer AG	108,000
11	American Telephone & Telegraph	521,318	45	Toyota Motor Corp.	172,035	79	Clorox Co.	107,105
12	Ralston Purina Co.	508,365	46	IC Industries	171,000	80	Noxell Corp.	106,128
13	Dart & Kraft	489,349	47	American Express Co.	169,868	81	AMR Corp.	105,412
14	General Mills	484,146	48	Schering-Plough Corp.	169,383	82	Dow Chemical Co.	105,000
15	J.C. Penney Co.	478,892	49	Nissan Motor Co.	162,566	83	Adolph Coors Co.	104,981
16	PepsiCo Inc.	478,372	50	Gillette Co.	161,000	84	Greyhound Corp.	102,604
17	Pillsbury Co.	473,220	51	American Brands	160,000	85	Mazda Motors of America	101,743
18	Warner-Lambert Co.	469,339	52	Chesebrough-Pond's	159,792	86	MCA Inc.	98,360
19	Unilever U.S.	413,623	53	Pfizer Inc.	158,463	87	Brown-Forman Co.	94,260
20	Johnson & Johnson	401,217	54	Loews Corp.	156,918	88	Delta Air Lines	94,020
21	American Home Products Corp.	399,516	55	Honda Motor Co.	156,475	89	Van Munching & Co.	93,388
22	Chrysler Corp.	393,400	56	Time Inc.	156,205	90	Monsanto Co.	92,885
23	Coca-Cola Co.	390,000	57	GTE Corp.	153,606	91	Eastern Air Lines	89,700
24	GE/RCA	373,336	58	Goodyear Tire & Rubber Co.	149,305	92	Matsushita Electric Industrial Co.	86,000
25	Kellogg Co.	364,299	59	ITT Corp.	149,000	93	Mattel Inc.	85,092
26	Bristol-Myers Co.	344,293	60	Revlon Group	147,215	94	Apple Computer	83,859
27	International Business Machines	327,834	61	S.C. Johnson & Sons	146,146	95	Gulf & Western	82,101
28	Nestle Enterprises	319,254	62	UAL Inc.	145,000	96	Wm. Wrigley Jr. Co.	81,536
29	Sara Lee Corp.	285,956	63	Walt Disney Co.	140,000	97	Canon Inc.	81,201
30	Mars Inc.	275,504	64	Xerox Corp.	128,898	98	Capital Cities/ABC	72,247
31	American Cyanamid Co.	266,189	65	American Motors Corp.	126,000	99	Cotter & Co.	71,670
32	H.J. Heinz Co.	261,541	66	Warner Communications	124,165	100	George A. Hormel & Co.	70,702
33	U.S. Government	259,050	67	Volkswagen of America	123,100			
34	Colgate-Palmolive Co.	253,495	68	Cosmair Inc.	122,149			

NOTE: Dollars in thousands

HATTORI CORP. OF AMERICA
640 Fifth Ave.
New York, N.Y. 10019
(212) 977-2900

Corporate Personnel
Tsutomu Mitome, president

SEIKO

Corporate Personnel
Robert Pliskin, president

Marketing Personnel
Charles Kriete, sr genl mgr-sales
David Strousse, vp-adv & pr
Robert Stevens, genl mgr-adv & pr

Advertising Agency
AC&R Advertising, New York—all Seiko, Lassale, Jean Lassale prods—Steve Rose, chmn; Constantine Pappas, sr vp-acct super.

LORUS

Corporate Personnel
Mort Gershman, president

Marketing Personnel
Joseph Urda, exec vp
Howard Fischer, genl mgr-mktg

Advertising Agency
AC&R Advertising, New York—all Lorus prods—Steve Rose, chmn; Matt Greene, sr acct exec.

PULSAR

Corporate Personnel
Arthur Cohen, president

Marketing Personnel
Lou Moore, natl sales mgr, asst to president
Jonathan Nettelfield, genl mgr-mktg & adv

Advertising Agency
Ammirati & Puris, New York—all Pulsar prods—Ed Vic, president; Mary Herrmann, sr vp-acct mgmt; Susan Byrne, vp-mgmt super; Linda Livingston, acct exec.

JAZ

Corporate Personnel
Milton Putterman, president

Marketing Personnel
Bernie Knoll, vp
Lynne Rossmann, mgr-adv

Advertising Agency
AC&R Advertising, New York—all Jaz prods—Steve Rose, chmn; Constantine Pappas, sr vp-acct super.

JEAN LASSALE

Marketing Personnel
Larry Sussberg, sr genl mgr-sales
Robert Stevens, genl mgr-adv & pr

Advertising Agency
AC&R Advertising, New York—all Jean Lassale prods—Steve Rose, chmn; Constantine Pappas, sr vp-acct super.

Hearst Corp.

New York

RANK **187**

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,540	1,400	10.0
U.S. advertising	36	23	59.9

The continuing slump in national magazine advertising became a painful reality at Hearst Corp. this summer when it folded *Science Digest*, its struggling general interest science magazine.

The nation's No. 1 publisher of monthly magazines, however, had generally satisfactory results companywide. The broadcasting group experienced a downturn, but this followed a record 1984 highlighted by the Winter and Summer Olympics on its four ABC-affiliated tv stations.

The broadcasting segment has extended its market coverage with the acquisition in 1986 of WCVB-TV, the ABC affiliate in Boston, the nation's sixth largest tv market. Hearst paid $450 million for the station owned by Metromedia Inc., Secaucus, N.J., which sold the rest (six) of its tv stations to Rupert Murdoch's News America Publishing.

The Hearst purchase brought to six the number of tv stations owned by the company and made it the second largest operator of network-affiliated stations. Westinghouse Electric Corp. is the largest. Hearst's other stations include WTAE-TV, Pittsburgh; KMBC-TV, Kansas City, Mo.; WISN-TV, Milwaukee; WDTN-TV, Dayton, O., and WBAL-TV, Baltimore, a CBS affiliate.

Hearst Corp., ranked No. 11 in 1985 revenues from media operations among the top 100 media companies monitored by ADVERTISING AGE, spent $27.5 million in measured media in 1985, up 60% over the previous year. The big differences in spending according to LNA included $4.5 million for Hearst Magazines miscellaneous specialty publications, up 45.5% from 1984; $2.6 million for Hearst Corp. general promotion, a category that received no spending in 1984; $1.9 million for Morrow Books, up from $804,000; and $518,300 for the *Los Angeles Herald-Examiner*, up from $78,900 in 1984. Advertising increased only slightly for Good Housekeeping needlecraft kits, with $2.09 million in spending, and *Cosmopolitan* boutique mail order promotions, $1.1 million.

Hearst spends from $50,000 to $200,000 on its various national magazines. Virtually all the magazines received from 20% to 50% increases in measured spending during 1985 over 1984. Spending dropped 35% for Avon Books to $1 million.

Major media shifts included a 63.2% increase in national newspaper advertising to $5.5 million and a 57% growth in ad spending in magazines to $15.2 million.

The demise of *Science Digest*, which received only $31,200 in measured spending in 1985 against no spending in 1984, and sale of its subscriber list to Time Inc. ended a costly three-year battle that flourished between *Science Digest, Science 86* (published by the nonprofit American Assn. for the Advancement of Science) and Time Inc.'s *Discover*, the lone survivor.

On a corporate level, Hearst Corp. launched a national print campaign, featuring employes from Hearst's more than 135 businesses. The effort, from Laurence, Charles, Free & Lawson, New York, ran in leading newspapers and magazines, paying tribute to the people who helped make Hearst one of the world's leading communications companies.

Revamped sales packages may have contributed to the healthy performances of Hearst's other magazines. The packages were offered to advertisers in response to rate-breaking said to be occurring in the women's service magazine category. Offerings were narrower, but advertisers needed to buy fewer pages to qualify for package benefits.

Discounts ranged from 5% for buying three pages in each of three magazines in two magazine groups to 16% in a group called Woman Power Plus, made up of *Cosmopolitan, Good Housekeeping, Redbook, Country Living* and *Harper's Bazaar*. For the discounts, Hearst got upfront commitments of ad dollars, an exchange that seems to have worked.

Good Housekeeping turned 100 in 1985 while boosting ad revenues 6.8% to $142 million and producing two record-setting issues of 454 and 376 pages in May and December. *Cosmopolitan* marked Helen Gurley Brown's 20th year as editor with a special 480-page November issue with 305 pages of advertising.

Redbook ended the year with circulation up 3.2% to 4,129,000. Advertising grew 7.7% to $57.2 million, although did it on rate increases as ad pages declined 0.9% to 1,165.

Refocusing its position in the intensely competitive shelter-magazine category, Hearst's *House Beautiful* began calling itself "the magazine of home fashion." The magazine continues to lead the category in newsstand sales. Ad pages were off 14.6% to 973 in 1985 from 1984 and advertising revenue dropped 7.2% to $24.2 million.

Another notable publication loss occurred in the Hearst newspaper division when the company's 213-year-old *Baltimore News American*, one of the oldest newspapers in the U.S., published its last edition this May. Chronic financial losses and lack of advertising support were cited as reasons for the folding. Hearst, owner of the paper since 1923, had searched unsuccessfully for six months for a buyer before reaching a decision to fold the paper.

In Los Angeles, the departure of Mary Anne Dolan as editor of the *Herald Examiner*, one of a string of staff defections, was taken as a sign of further turmoil at the paper. Nevertheless, the paper posted its second consecutive half of minor circulation increases, which reversed a long-term slide. Morning circulation of the paper was up 3.3%, to 245,291, for the six-month period ended March 31, 1986, according to the Audit Bureau of Circulations. Circulation executives say another 3% rise in reader numbers will be reflected in Sept. 30 figures over those reported for the same period in 1985.

One step toward trimming Hearst's losses in Los Angeles was the sale of a substantial number of its Hearst Community Newspapers in Southern California to Cincinnati-based Scripps Howard. Hearst bought those papers in 1981 to help the ailing metropolitan paper attract advertising by offering discounts through combination buys with the local papers. The combined circulation, at its peak, was 723,000 for a one-day buy, about 470,000 of which came from the weeklies.

In San Francisco, Hearst's *Examiner* used a series of print and broadcast ads to convey the excitement at the paper since 37-year-old William Randolph Hearst III, grandson of the late W.R. Hearst, took over as publisher in October, 1984. In one of a series of new tv spots, filmed in the stark black and white style of "Citizen Kane," Mr. Hearst discusses changes at the paper with the ghost of his grandfather. The spots also highlight some of the new talent at the paper, including authors Hunter S. Thompson and Cyra McFadden.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$15,146	$9,654
Newspaper	5,446	3,335
Newsp. supps.	103	140
Bus. pubs.	3,787	594
Network tv	0	40
Spot tv	2,267	2,811
Network radio	198	357
Network cable	35	0
Outdoor	513	262
Total measured	27,494	17,193
Unmeasured	9,000	5,628
Total	36,494	22,821

HEARST CORP.
959 Eighth Ave.
New York, N.Y. 10019
(212) 262-5700

Corporate Personnel
Frank A. Bennack Jr., president
Gilbert C. Maurer, exec vp
James F. O'Donnell, corp comm dir

Advertising Agency
Laurence, Charles, Free & Lawson, New York—corp adv—Alfred Evans, Exec vp; Richard Goldschmidt, sr vp.

HEARST MAGAZINES

Marketing Personnel
Gilbert C. Maurer, president
K. Robert Brink, exec vp-group publishing dir
George J. Green, exec vp-group publishing dir
Mark F. Miller, exec vp-genl mgr
Mark E. Goldschmidt, mktg & planning dir
Mary Sabolik, assoc dir, pr
Bonnie Maglio Shope, adv & promo dir, Hearst Gold Buy Magazines
Daniel Ambrose, adv mgr, Hearst Gold Buy and Hearst Home Buy

HEARST NEWSPAPERS

Marketing Personnel
Robert J. Danzig, vp-genl mgr
J. Roger Grier, vp-group exec
Lee J. Guittar, vp-group exec
Henry K. Wurzer, mktg devel mgr

HEARST BROADCASTING
Pittsburgh, Pa.

Marketing Personnel
John C. Conomikes, vp-genl mgr, broadcasting
Mickey L. Hooten, vp-genl mgr, television
Jack A.W. Shenkan, sales & mktg dir, broadcasting

HEARST BOOKS/BUSINESS PUBLISHING

Marketing Personnel
Gordon L. Jones Jr., vp-group head, Books/Business Publishing
Lawrence Hughes, president, Hearst Trade Book Group
Barbara Stevenson, adv & promo dir-mktg coord, William Morrow & Co.
Amy Rosenthal, vp-sales dir, Avon Books
Michael Carter, mktg dir, Arbor House

KING FEATURES SYNDICATE

Marketing Personnel
Joseph F. D'Angelo, president
Bruce L. Paisner, exec vp
Lawrence T. Olsen, vp-mktg & sales dir

Bye, bye bourbon

National Distillers no longer is going to dance with the party that "brung it." Founded as a liquor company in 1924, National Distillers has put its Liquor & Wine division on the block and plans to concentrate on chemicals and energy. The division's labels include DeKuyper cordials and liqueurs, Gilbey's gin, Kamchatka vodka, Windsor Supreme whisky, Old Grand-Dad bourbon and Almaden wines. The division accounts for virtually all National Distillers national advertising spending.

G. Heileman Brewing Co.

La Crosse, Wis.

RANK **107**

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,326	1,342	(1.1)
Net income	43	46	(5.4)
U.S. advertising	70	74	(5.1)

Division sales	1985	1984	% chg
Brewing	1,127	1,207	(6.6)
Non-brewing	199	134	48.5

Ever more intense price competition, expansion of product lines by competitors and leveling of consumption continued to blow the head off brewing company profits, and G. Heileman, a second tier competitor, was hit harder than most.

In 1985, earnings continued a slide begun in 1984, dropping 5.5% and sales, which had posted a slight increase from 1983-1984, finally succumbed to the industry doldrums, slipping 1.2%—with little prospect for improvement in sight.

In the process, Heileman dropped from a 9.4 share of market to 9.1, ranking it fourth in the market behind Anheuser-Busch (38.1), Miller Brewing (20.8) and Stroh Brewery (13.1) in 1985, according to *Impact*, a Shanken Communications trade publication.

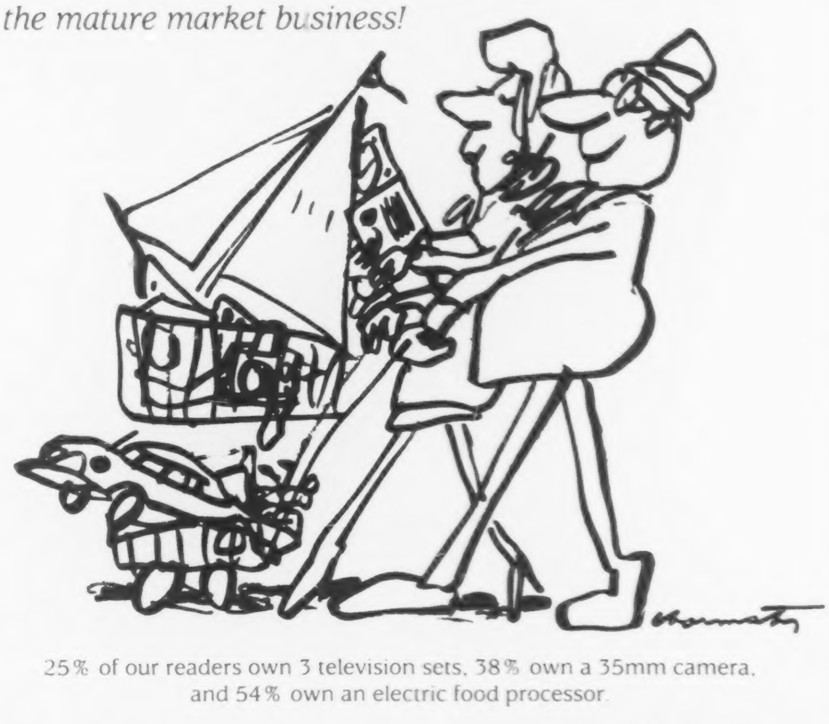
Late last year, however, Heileman responded to the slippage with a new marketing strategy that included an emphasis on regional marketing of its 30 separate beverage brands using regional advertising agencies and diversification and expansion of product lines, including several beer line extensions and expansion of its bakery and snack food lines.

So far in 1986, the strategy seems to be paying off. In the first six months, sales set a new record at $684.4 million.

Excluding revenues under a new production contract with Pabst Brewing Co., sales increased 3% over the same period last year as net income grew 14% to $27.3 million.

The key to the rebound, according to

There's no business like
the mature market business!



25% of our readers own 3 television sets, 38% own a 35mm camera,
and 54% own an electric food processor.

50plus

850 THIRD AVE. • NEW YORK, NY 10022 • (212) 715-2781

Heileman president Russell G. Cleary, was closer marketing attention to distributors and a greater regional marketing emphasis, taking advantage of the strong midwestern position of the flagship brand Old Style, which retained its No. 1 position in Chicago, and Rainier, which is positioned as the best seller in the Northwest. Old Style received more than $3.4 million in measured spending in 1985, down from $5.9 million in 1984, and Rainier got $1.9 million, up from $1.4 million, according to Leading National Advertisers, which tracks seven media.

Heileman played with the media mix by hiking the network tv ante to $7 million from $3.8 million in 1984 while dropped spot tv spending to $9 million from $11.2 million in 1984. Spending on a year-to-year basis in other media remained largely stable.

"Our philosophy is to be a full-service provider to our beer distributors," Mr. Cleary says, "and that means a strong commitment to products and marketing they can use." And while the company continues to look at new regions of the country for development, late 1985 and 1986 marketing focused on a "back to basics" marketing in traditional strongholds. Heileman also startled the industry by announcing plans for an automated brewery in Milwaukee, the beer city that other brewers have been slowly abandoning over the past several years.

Diversification became part of the marketing plan as Heileman placed new emphasis on less mainstream segments of the beverage industry, including its three low alcohol line extensions under the Old Style, Blatz and Black Label labels; four no-alcohol products, Kingsbury, Schmidt Select, Zing and Black Label No Alcohol, and its LaCroix mineral waters.

"The brewing is moving steadily into greater segmentation," Mr. Cleary says, "and we need to enter any segment that seems to have growth potential—low alcohol, no-alcohol and coolers, whatever."

Heileman followed that philosophy in 1984 with its Old Style Low Alcohol entry and was somewhat disappointed by the results, but in late 1985 and so far in 1986, the segment seems to be catching on and shipments are over 1 million bbls, Mr. Cleary says. "It started slow, plateaued and now it seems to be growing again," he remarks.

New products introduced in 1985 included Special Export Light and Dark, LaCroix sparkling coolers, Country Coolers, Black Label 11-11 malt liquor, Milwaukee 1851 regular and Light, Lone Star 150 Private Stock, Blatz Old Heidelburg Private Stock and two lines of German imports Hacker-Pschorr and Moravia.

Supporting these product entries, the company increased ad spending from $41 million to $55 million overall, increasing its emphasis on unmeasured spending. Included in the unmeasured spending was greater coop advertising and point-of-purchase spending accounting for about 20% of the total, according to Mr. Cleary. Measured spending in the 11 media monitored for this report actually dropped from $24.3 million in 1984 to $23.1 million in 1985.

Nearly all of the individual brands underwent some change in their marketing plans in the last 18 months, but the biggest single shake-up occurred with Old Style. Faced with the loss of its front-line agency Hal Riney & Partners to Anheuser-Busch in May, 1986, Heileman solicited four Chicago agencies to handle the $17 million in billings, finally settling on Young & Rubicam. Y&R's campaign, to be released this November, will again emphasize Old Style's Midwestern roots and artesian spring water, Cleary says. Y&R also handles Old Style's low-alcohol entry and Special Export, but the Henry Weinhard line moved to W.B. Doner, Baltimore, which also has the Blatz account. As part of the regionalization, however, Doner lost Lone Star to a San Antonio agency, Adkins & Associates.

Several of the regional brands, including the mineral waters and wine coolers were consolidated under Ruhr/Paragon, Minneapolis and Rainer stayed with Borders, Perrin & Norrander, Seattle.

The bakery division was corporate standout, growing 30% to $174 million in 1985 and Heileman expanded operations with the acquisition of New Process Baking Co., Chicago; Oswald Jaeger Baking Co. in Milwaukee and Willemar Cooker Co. with Johnson Nut Co. in Willemar, Minn. Mr. Cleary says that snack foods, especially nuts, were a natural expansion area for the company, since the products are distributed by the company's present network of regional beer distributors.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 12	$ 0
Newspaper	401	1,313
Network tv	6,966	3,794
Spot tv	8,949	11,187
Spot radio	5,698	6,483
Network cable	36	61
Outdoor	1,003	1,456
Total measured	23,064	24,294
Unmeasured	47,000	49,507
Total	70,064	73,801

G. HEILEMAN BREWING CO.
100 Harborview Plaza
P.O. Box 459
La Crosse, Wis. 54602
(608) 785-1000
Marketing Personnel

Jim Legat, vp-brand mgmt
Don O'Brien, group brand dir-Old Style, Special Export, Blatz
Thomas C. Godwin, group brand dir-Colt 45, specialty prods
Charles Simpson, group brand dir-Schmidt, Lone Star

Advertising Agencies

Atkins & Associates, San Antonio—Lone Star—Chip Atkins, president; Curtis White, acct super.

Borders, Perrin & Norrander, Seattle—Rainer—Mark Norrander, vice chmn-creative dir.

W.B. Doner Co., Baltimore—Blatz, Colt 45, Special Export—Howe Burch, vp-acct super; Bridget Caken, acct exec.

Ruhr/Paragon, Minneapolis—Schmidt—Chuck Ruhr, president; John Murtfeldt, vp-group acct dir.

Young & Rubicam, Chicago—Old Style, Old Style Light—Jim Magil, vp-mgmt super; Tom Perliz, sr vp-group dir; Stan Latacha, vp-acct super.

RANK **117**

Hewlett-Packard Co.

Palo Alto, Cal.

($ in millions)

Worldwide	1985	1984	% chg
Sales	6,505	6,041	7.6
Net income	489	665	(26.5)
U.S.	**1985**	**1984**	**% chg**
Sales	3,696	3,527	4.8
Operating profits	644	768	(16.1)
Advertising	66	63	4.7
Division sales	**1985**	**1984**	**% chg**
Equipment	5,204	4,934	5.5
Service	1,301	1,101	18.2

Hewlett-Packard Co. is curbing spending and hiring, initiating a program for employes to take time off without pay, and putting into effect in the fourth quarter of fiscal 1986 an early retirement and severance program as it battens down to weather out the economic slowdown besetting the company and its Silicon Valley neighbors.

As if the economic conditions weren't bad enough, the company has had to delay the introduction of its long-awaited HP3000 Series 930 computer from year-end 1986 until mid-1987.

The move, based on software operating problems, will mean a loss of $200 million in potential sales in 1987.

Advertising charted the same austerity course which began to take effect in late 1985.

The company reported to the SEC "advertising costs" of $148 million in 1985, down from $153 million in 1984. Those costs includes more than media and promotional spending tracked only in this report.

Measured spending for 11 media, increased, but only slightly, to $23.1 million in calendar 1985, from $22.4 million the previous year.

However, H-P made major shifts in its media mix, a reflection largely of new product support in 1984 that trickled to maintenance spending in 1985 and poor results in the advertised personal and business computer lines.

H-P sales for 1987 could be reduced by as much as $200 million based on the company's delay of six months in introducing the HP3000 Series 930 business minicomputer that uses the vaunted Spectrum technology, that reportedly will make the computer twice as powerful as existing minicomputers. The delay came because H-P was having difficulty fitting the operating system into the computer. The software controls the flow of data into and out of the computer.

The estimated sales reduction is based on the fact that two-thirds of H-P's $100 million in orders for new Spectrum-technology computers, is for the 930.

The Spectrum hardware, under five years of development at a cost of $250 million, is ready for market. In fact, it is installed in the Model 840, made for engineering and manufacturing functions, to be shipped in late 1986, and the 950, a more powerful machine than the 930, to be available in the second half of 1987. The 840, offered at a base price of $113,000 and a speed rating of 4.5 million instruction per second (mips), will enhance H-P's position in the engineering computer market against long-time rival, Digital Equipment Corp. The Series 930 and 950 represent H-P's attempt to compete with IBM in the crucial market for large computer systems sold to businesses.

H-P is not expected to experience a fall-off in orders from clients, tiring of waiting for the new 930, who might switch to hardware marketed by competitors. The cost for a system change is too expensive.

H-P in the first six months of its fiscal 1986 reported revenues of $1.63 billion, up 1% from the year-earlier period.

The year turned progressively worse domestically. Following a first quarter domestic orders increase of 10% from the previous year to $897 million, they dropped 6% to $894 million in the second quarter compared with the year-earlier period.

However, the international market kept H-P at least static over-all for the period. International orders increased 21% to $795 million in the first period and 12% to $736 million in the second over the comparable periods in fiscal 1985. Order growth was only 1% in fiscal 1985, compared with 29% in fiscal 1984.

Results only degenerated further in the third quarter, influencing poor nine-month figures ended July 31 of $359 million in net income, compared with $489 million a year ago, and sales of $5.17 billion, compared with $6.51 billion in the year-earlier period.

The fourth quarter ended Oct. 31, 1986, will reflect the impact of payments made to 1,515 employes entering the company's early retirement and severence plan.

The liberal plan offers retirement at 55 with full pension benefits. This is the first "layoff" at the company since it was founded in 1947.

The advertising media mix ebb and flow for the comparable years resulted in a shift toward magazines and network tv in 1985 away from newspapers and spot tv in 1984. Business press, always a strong medium at H-P, received $9.2 million, up from $7.7 million in 1984.

The shifts to network tv from spot tv was credited to $7 million in advertising backing general corporate promotion, including the entire $4.4 million spending in network tv reported for H-P.

The media shift also reflected a market strategy to push general corporate promotion instead of continuing to back specific computer series for personal or business use because both areas are experiencing flat sales.

The corporate campaign created by Leo Burnett, Chicago, bears a "we sell solutions" theme. General corporate promotion was only $1.9 million in 1984.

H-P, whose LNA total dropped from $19.1 million in 1984 to $13.6 million in 1985 for the seven LNA media, also spent $1.5 million in spot tv out of a total of $1.9 million for its personal computer system in 1984. The category received only $2,100 backing in 1985.

The business computer system faced a similar cut in ad spending to only $200,000 in 1985 from $3.1 million spent in 1984.

The company decreased magazine spending in 1985 as spending for the business-oriented 3000 computer system dropped from $3.4 million in 1984, all in magazines, to $82,100, all magazines in 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$8,936	$163
Newspaper	452	4,647
Newsp. supps.	97	0
Bus. pubs.	9,179	7,706
Network tv	4,389	0
Spot tv	92	9,753
Spot radio	263	26
Network cable	51	111
Outdoor	10	0
Total measured	23,467	22,406
Unmeasured	43,000	41,055
Total	66,467	63,461

HEWLETT-PACKARD CO.
3000 Hanover St.
Palo Alto, Cal. 94304
(415) 857-1501
Marketing Personnel

Richard C. Alberding, exec vp-mktg & intl mktg
Mike Naggiar, dir-mktg comm

HEWLETT-PACKARD
AVONDALE DIVISION
Avondale, Pa.
Marketing Personnel

Jeffrey Langan, genl mgr
Sam Fratoni, mktg mgr-GC

HEWLETT-PACKARD CO.,
MEDICAL PRODUCTS GROUP
Marketing Personnel

Ben Holmes, genl mgr
Edward McDonald, mktg mgr
Ted Koern, mktg comm mgr
Joesph P. Laskowski, adv mgr

Advertising Agencies

DFS/Dorland Worldwide, San Francisco—computers, microwave technology, mfg systems—Ron Colnett, chmn; Diane Armer, sr vp-mgmt super; Tom Barquimero, Susan Simmons, acct supers; Joe Harper, Bill Reiser, Alan Cohn, acct execs.

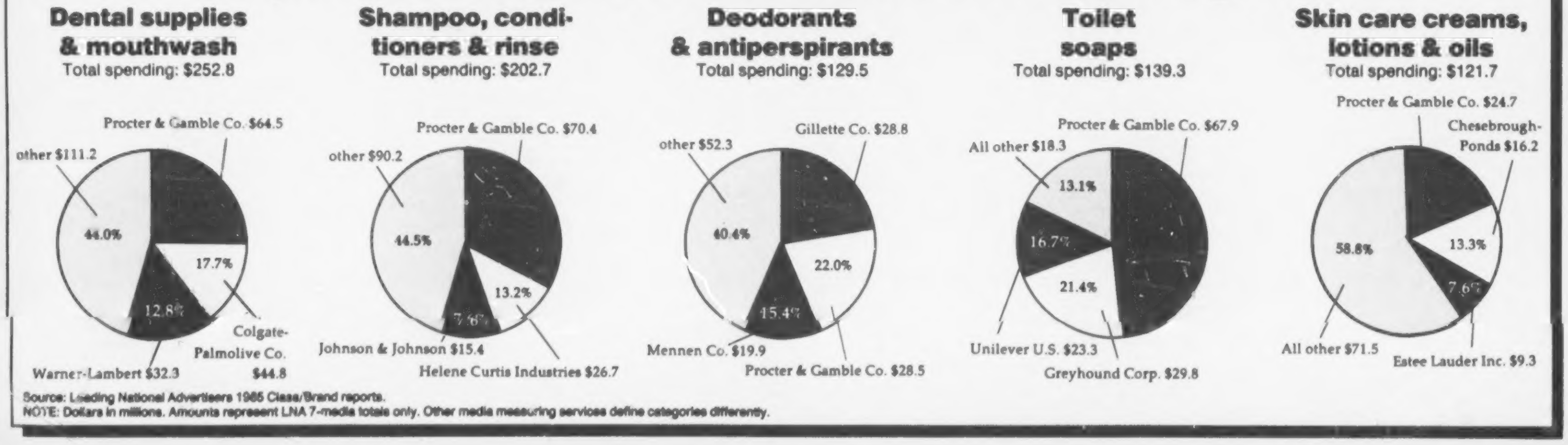
Giardini/Russell, Watertown, Mass.—medical group prods—Richard Warren, president; Rich Haigis, vp-acct service; James Meloni, vp-acct super; Bill Green, sr acct exec; Kathleen Raycraft, acct coord. Public relations—John Brodeur, vp-pr; Donald Frazier, acct exec.

Leo Burnett USA, Chicago—business computer systems, peripherals—Gary Knoll, vp-adv; Raj Gupta, vp-acct super; Jean Donovan, acct super; C.J. Bordwell, Karen Gruber, Warren Guthrie, Frank Pasquale, Micheal Wong, acct execs.

Pinne, Garvin, Herbers & Hock, San Francisco—analytical and component group—Jim McGlothin, acct super; Stacey Lamiero, acct exec.

Tallant & Yates, Denver—Buck Krawczyk, acct mgr-electronic instruments group; Bob Koeper, acct mgr-design systems group.

Top three advertisers in selected toiletries categories



Dental supplies & mouthwash
Total spending: $252.8

Shampoo, conditioners & rinse
Total spending: $202.7

Deodorants & antiperspirants
Total spending: $129.5

Toilet soaps
Total spending: $139.3

Skin care creams, lotions & oils
Total spending: $121.7

Source: Leading National Advertisers 1985 Class/Brand reports.
NOTE: Dollars in millions. Amounts represent LNA 7-media totals only. Other media measuring services define categories differently.

RANK

Household International 172

Prospect Heights, Ill.

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,383	2,922	15.8
Net income	211	234	(9.9)
U.S.	**1985**	**1984**	**% chg**
Sales	3,021	2,561	17.9
Operating profits	277	330	(16.2)
Advertising	46	48	(4.3)
Division sales	**1985**	**1984**	**% chg**
Financial services	1,673	1,325	26.3
Manufacturing	900	898	0.2
Trans.	810	698	16.0

Household International continued a move to refocus its business on consumer finance, manufacturing and travel industries with the divestiture last December of Household Merchandising Group which accounted for 61% of total 1985 revenues.

The $700 million sale, to an investor group led by one of the unit's executives, will significantly reduce Household's 1986 ad spending.

The largest advertising units within Household are National Car Rental System, Minneapolis, which spent $12.6 million on measured media in 1985, and Vons Supermarkets, Los Angeles, which spent $6 million on measured media and is one of the units divested. Over-all, the company spent an estimated $29.8 million in measured advertising, a 4.3% decline from the $31.1 million in 1984.

Spending-by-media comparisons with 1984 show the entire Household conglomerate cut magazine spending by more than half during 1985, while newspaper spending was up 48%. Network tv spending dropped 20%, while network cable and outdoor spending was up.

In the first quarter of 1986, Leading National Advertisers estimates Household spent $6.1 million in measured media, including $3.9 million from National Car Rental.

Excluding the Household Merchandising operations for both 1985 and 1984, the company earned net income of $210.9 million, a 10% decline, on net sales and revenues of $3.38 billion, up 16%. (U.S. sales were $3.02 billion, or 89.3% of the total).

Household's financial services units accounted for nearly half of those restated revenues; National Car and other transportation revenues were 24% of the total and manufacturing businesses represented 27%.

The merchandising unit, which the company reported as a discontinued operation in 1985, earned income of $43 million, a 13.3% drop, on net sales of $5.3 billion, down 1.8%.

In the first half of 1986, the restructured Household earned net income of $97.3 million, down 11.5%, on revenues of $1.87 billion, up 9.9%.

The Dec. 31 divestiture included Vons, a major California supermarket chain; TG&Y, a general merchandise "dime-store" chain; and two franchised store operations, Coast to Coast Hardware and Ben Franklin variety stores.

Together, the retailing operations last year made the group the nation's 11th largest retailer, with revenues of $5.3 billion. Roger Stangeland, Vons' ceo, led the $700 million buyout that included the FoxMeyer Corp., a Denver wholesaler, and Donaldson Lufkin Jenrette Securities Corp., New York.

Shortly before completion of Household Merchandising's sale, Rapid-American Corp., New York, bought the TG&Y operations for more than $300 million and consolidated the operation with its McCrory Corp. unit. Separately, FoxMeyer—a partner in the earlier sale—bought the Ben Franklin business for an unspecified sum.

Much of the retailers' advertising was ROP newspaper display ads, unmeasured by LNA. Vons increased measured spending 7%; TG&Y lowered measured spending 25%, to $618,000, and Coast to Coast spent $253,000, primarily on spot tv.

The company's corporate advertising account, awarded to BBDO, Chicago, in 1985, will remain dormant at least through mid-1987, a Household spokesman says. The $1.5 million to $2 million account resulted in an earlier campaign but no further corporate advertising is immediately planned.

The major expansion effort for Household in 1986 has been in the financial services sector, where the company has defined four key marketing areas: consumer finance, consumer banking, commercial financial services and insurance. The division earned $142.8 million in 1985, down 7%, on revenues of $1.7 billion, up 26%. The consumer segment accounted for $1 billion of those revenues, and were up 10%.

In April, Household began operating six consumer "family banks" in the Baltimore area, chartered as federal savings banks under the Household Banks banner. Household Financial Services president Edward Harshfield says he planned to expand the so-called "nonbank bank" in other states, where small clusters of outlets will serve personal banking needs without making commercial loans.

Household Bank and another HI-owned bank, Valley National Bank in California, now operate 50 locations in six states: California, Colorado, Illinois, Kansas, Maryland and Ohio. The Ohio, Colorado and Kansas banks were acquired during 1985. Tatham-Laird & Kudner, Chicago, won the initially small, $2 million Household Bank assignment from Needham Harper Worldwide (now DDB Needham Worldwide). Household Bank also is developing a proposed MasterCard that would be "co-branded" by National Car Rental System.

Household Finance Corp. (HFC), perhaps the most visible financial services unit nationally, spent $4.1 million on spot tv in markets where it operates consumer lending businesses. DDB Needham, Chicago, handles the division, which this year continued a rollout of its "Check Credit" program, enabling customers to use home equity as collateral on low-interest loans accessed through a special checking account."

Combined, Household's consumer finance divisions had 1,594 outlets at yearend, compared with 1,665 at yearend 1984.

Commercial finance revenues grew 39%, to $127.1 million, while income rose 58%, to $37.6 million. The Detroit-based Alexander Hamilton Life Insurance unit, which sells insurance products primarily through HFC and Household Banks, does no media advertising. The increasingly popular Universal Life product, which offers investment returns before death, accounted for 61% of the unit's life insurance policies, up from 56% in 1984.

National Car Rental System, based in Minneapolis, remained the third-largest car-rental firm nationally with a 21% share of airport rentals. (UAL's Hertz Corp. remains the largest car-renter, followed by Avis Rent a Car. Budget Rent a Car Corp. trails National.)

Responding to stagnant growth in the business-rental sector, National has continued to segment the leisure market, benefitting from increased domestic tourism because of terrorist threats abroad in 1985-86. "The business renters will continue to be important," says vp-advertising and marketing Joseph Sullivan, "but the dramatic growth is going to be in the leisure segment."

Using the ad theme, "You deserve National attention," developed by Campbell-Ewald Co., National has highlighted service quality; it also has targeted specific traveler segments with separate one-way, weekday and weekend rental rates. Various print and tv campaigns have concentrated on individual car models—mainly from General Motors Corp.—in a departure from previous years.

The National unit posted sharply lower net income of $15 million in 1985, down nearly 60%, on revenues of $810.4 million, up 16%. The company blamed the lowered earnings on intense intense industrywide pricing competition during 1985—which has since eased somewhat—as well as skyrocketing insurance costs. Strong new-car sales incentives, resulting in a weak used-car market, have prevented many in the car-rental industry from unloading older cars.

National reported 6.9 million reservations made for 1985, a 15.4% increase from a year earlier, and gained 4% more company-owned cars in its fleet, which now numbers 77,000. Worldwide, National's fleet numbers 164,000 vehicles rented or leased at 3,000 outlets in 113 countries. Affiliations with Tilden Rent-a-Car in Canada and Europcar in Europe, Africa and the Middle East are included in those totals. Additionally, National operates a car leasing and truck rental and leasing business under the Lend Lease brand.

Household Manufacturing, the third major business segment, earned $50.1 million in net income, up 52.3%, on sales of $899.8 million, a 0.2% gain. The division, under president Gary Dillon, operates several companies in five core areas: Power components, building products, tools, consumer products and specialty products.

Consumer products sales rose 21% in 1985 to $177.8 million, while income grew 139%, to $11.7 million. Principal products in this sector are Thermos Co., the Norwalk, Conn.-based marketer of plastic insulated products, and Structo, a maker of gas barbecue grills. Structo sales increased 53% last year, while unit sales have doubled since 1983. Thermos' new Coffee Butler product, introduced last year, has exceeded the company's sales expectations.

The specialty products sector includes Scotsman, makers of commercial and consumer ice-making machines; King-Seeley, which makes cooking appliance controls; and two other industrial products firms. Its income increased 6%, to $16.5 million, on slightly higher revenues of $143.6 million.

The tool segment includes GC Electronics (accessories for home entertainment equipment); Thorsen (hand tools); and Simonds (industrial cutting tools). Sales dropped 15%, to $113.5 million, while income declined 27%, to $2.4 million; the company blamed the decline on soft demand in the industrial tool market and to the divestiture of its Atrax/Newcarb unit in March, 1985.

Building products and power components businesses do little advertising. The building products sector includes well-known names such as Halsey Taylor (water coolers and drinking fountains) and U.S. Brass; other units make chimneys, gas vents and plumbing fixtures. Sales were up 2%, to $334.3 million, while income rose 66% to $19.7 million. Higher housing starts were a primary factor in the gains.

The power components sector, comprised of Gear Products and Schwitzer N.A. units, reported a 10% sales decline, to $130.6 million, and posted the company's only 1985 net loss—$200,000—compared with $7.2 million in 1984.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 2,072	$ 4,135
Newspaper	3,048	1,858
Newsp. supps.	0	48
Bus. pubs.	52	0
Network tv	3,780	4,725
Spot tv	19,731	19,968
Network radio	8	0
Spot radio	357	35
Network cable	444	260
Outdoor	270	62
Total measured	29,762	31,090
Unmeasured	16,000	16,714
Total	45,762	47,804

HOUSEHOLD INTERNATIONAL
2700 Sanders Rd.
Prospect Heights, Ill. 60070
(312) 564-5000

Corporate Personnel

Donald C. Clark, chmn-ceo
Edward W. Boddy, corp comm mgr

Advertising Agency

BBDO Worldwide, Chicago—Bob Tingrey, sr vp-mgmt super.

THERMOS CO.
Norwich, Conn.

Marketing Personnel

Haynes Kelly, president
Richard Parke, vp-dir mktg

Advertising Agency

BBDO Worldwide, Chicago—John Kittilsen, sr vp-mgmt super.

HOUSEHOLD FINANCIAL SERVICES

Marketing Personnel

Edward Harshfield, president-ceo
Serge Uccetta, vp-corp devel

HOUSEHOLD FINANCE CORP.

Marketing Personnel

Joseph W. Jeffers, vp-mktg and devel

Advertising Agency

DDB Needham Worldwide, Chicago—Henry F. DeBoest, vp-acct dir.

HOUSEHOLD BANK

Marketing Personnel

Eric Helgeland, vp-bank marketing

Advertising Agency

Tatham-Laird & Kudner, Chicago—Thomas Schafer, sr partner; Brian Hurley, mgmt super; Dale Jackson, acct super; Pat Ladd, acct exec.

ALEXANDER HAMILTON
LIFE INSURANCE
Detroit

Marketing Personnel

Richard H. Headlee, president-ceo
James Ponder, senior vp-chief mktg officer
Thomas Duggan, adv dir & dir comm services

Advertising Agency

The Comark Group, Southfield, Mich.—George Sepetys, president.

NATIONAL CAR RENTAL SYSTEM
Minneapolis

Marketing Personnel

Bemiss A. Rolfs, president
Joseph Sullivan, vp-car rental mktg and adv
John Hendrickson, adv mgr
Daniel Knudsen, mgr local mktg

Advertising Agency

Campbell-Ewald, Warren, Mich., and New York—Dennis Connaughton, sr vp; Frank Hoag, mgmt super; Greg Hahn, Greg Long, acct execs.

SCHWITZER N.A.

Marketing Personnel

G. Michael Morrell, president
Donald B. Laird, dir-mktg

Advertising Agency

Mark Anderson Associates, Indianapolis—Doug Horstmann, acct exec.

GEAR PRODUCTS

Marketing Personnel

Steve A. Drake, president

Advertising Agency

McKinney MidAmerica, Chicago—Frank W. Callahan, president.

ELJER PLUMBINGWARE

Marketing Personnel

Richard L. Denman, president
Darryl Stearle, vp-sales
Brian Engelland, vp-mktg

Advertising Agencies

Marketing Support Inc., Chicago—David L. Weiner, pres.

Damart Advertising Associates, Minneapolis—Yellow Pages—Edward W. Rhodes, president; Shannon Atwill, acct rep.

SIMONDS CUTTING TOOLS
Fitchburg, Mass.

Marketing Personnel

Frank J. Martin, president
J.W. Hakanson, vp-sales

G.C. ELECTRONICS
Rockford, Ill.

Marketing Personnel

Wayne Timpe, president
Robbin G. Rieger, dir-mktg

THORSON TOOL
Dallas

Marketing Personnel

Charles Douglas, president
Larry Adams, vp-sales

Advertising Agency

Walter Clark Agency, Dallas—Walter Clark, president.

STRUCTO DIV
Freeport, Ill.

Marketing Personnel

Robert A. Hoagland Jr., president
Steven J. Carletti, dir-mktg

Advertising Agency

Keller-Crescent, Evansville, Ind.—Frank Ferrara, acct exec.

KING-SEELEY DIV
Kendallville, Ind.

Marketing Personnel

Ted Hall, president
Carl Heyer, sales mgr
Jon Clark, human resources & materials

Advertising Agency

Colburn Advertising, Ft. Wayne, Ind.—Robert Colburn, president.

HALSEY TAYLOR
Freeport, Ill.

Marketing Personnel

Robert A. Hoagland Jr., president
Ed Nazarian, dir-sales

Advertising Agency

Loran Nordgren, Frankfurt, Ill.—Loran Nordgren, president.

RANK

Imasco Ltd. 127

Montreal

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,943	3,224	22.3
Net income	194	173	11.8
U.S. advertising	63	54	16.0
Division sales	**1986**	**1985**	**% chg**
Imperial Tobacco	1,311	1,075	22.0
Restaurants	1,117	978	14.2
Peoples Drug	1,356	1,007	34.7
Shoppers Drug	58	49	18.4

Imasco Ltd., represented in the U.S. largely by Hardee's restaurants and Peoples Drug Stores, continues into 1986 to build its operations through acquisition.

The $6.4 billion conglomerate, whose roots are in Canada's Imperial Tobacco Co., made one of the bigger corporate acquisitions of the year in the purchase in mid-April, 1986, of San Francisco-based Genstar Corp. whose interests are largely in Canada.

Since the $1.84 billion acquisition, Imasco has deconglomerated Genstar as it said it would do, to raise funds to lessen its own debt, although moves related to the piecemeal divestiture of Genstar brought Imasco into confrontation with the Canadian government. Within a month of the Genstar purchase, Imasco had pledges to sell off five Genstar units for $1.04 billion. Genstar largely was involved in building products and financial and real estate services.

Imasco, which is 44% owned by

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FOLLOW THE LEADER
HONDA

NEW MEDIUM

B.A.T. Industries plc, the big British combine, in Canada owns Shoppers Drug Mart, UCS (United Cigar Stores) and manufactures and markets Imperial Tobacco brands that command 52.5% of the Canadian cigaret market and 90.5% of the cigar market. Its U.S. operation, Imasco USA Inc., Rocky Mount, N.C., is a multi-branded restaurant organization operating about 2,690 restaurants in 40 states: 2,664 Hardee's (883 company-owned units and 1,745 U.S. franchised) and 36 international franchised. There were 21 Burger Chef's at the end of the fiscal year, March 31, 1986, although some are converting to Hardee's.

Growth has marked the year for Peoples Drug Stores, Alexandria, Va. Peoples bought the 134-store Rea & Derrick chain in Pennsylvania in early 1985, and has converted 55 so far to Peoples. Peoples operates in 150 markets in 15 states of the Southeast, Middle Atlantic, and Midwest regions. Store brands include Peoples, Lane, Reed, Lee, Health Mart, Rea & Derrick, Bud's and Smiles. It opened in September, 1985, a new distribution center in Fredericksburg, Va.

Also during 1985, in a new corporate synergy five Peoples Drug Stores were converted to Hardee's in the Washington, D.C., metro area, an all the Florida stores of the Toronto-based Shoppers Drug Mart chain owned by Imasco were shifted to the Peoples chain.

In the Genstar purchase, Imasco had its eyes set only on Canada Trustco, that nation's largest trust company (similar to an American s&l) and its sixth largest financial institution. Imasco's stated intention in acquiring Genstar was to sell its units, except for Trustco, and use the expected net to repay corporate indebtedness.

But when when concerns were voiced about the possibility of Imasco using its acquisition as an "in-house bank," the House of Commons and Canada's minister of state for finance took up the matter. Imasco gave its pledge to refrain from any such inside operation and to refrain from acquiring any more financial organizations.

Imasco's advertising support for its U.S. units was up 20% in 1985, to $37.3 million from $31 million in 1984, according to Leading National Advertisers. Network tv spending, all for Hardee's, rose 27.7%, to $8.9 million in 1985 from 1984. Spot tv spending totaled $27.3 million, up 14.6% and apportioned about 88% to Hardee's and 12% to Peoples. At $33.6 million, Hardee's ad backing was 90% of the Imasco Ltd. total U.S. measured ad spending in 1985, compared with 85% of $26.5 million in 1984. The total Peoples Drug Stores budget of $3.3 million in 1985 was down 8%.

Hardees spending was heaviest, by far, for spot tv, up 26% in 1985 to $23.3 million. Similarly increased was network tv spending, up 28% to $8.9 million. Magazine spending for Hardee's also rose 28%, to $17,500.

Most of Peoples advertising spending went to spot tv, down 8.4% to $3.1 million in 1985.

Imasco announced in June, 1986, a significant change in company leadership, with the succession of Purdy Crawford, then president and chief operating officer, to the chief executive officership then held by Paul Pare. Mr. Pare, 64, who is anticipating retirement, remains as chairman. No successor was named for Mr. Purdy.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$18	$14
Network tv	8,925	6,991
Spot tv	27,248	23,760
Network cable	8	146
Outdoor	2,222	1,644
Total measured	38,421	32,555
Unmeasured	25,000	21,183
Total	63,421	53,738

IMASCO
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Corporate Personnel
Paul Pare, O.C., chmn-ceo
L. Edmond Ricard, vice-chmn
Purdy Crawford, president-coo
IMPERIAL TOBACCO LTD.
Montreal, Que., Canada
Marketing Personnel
Donald Brown, vp-mktg
IMASCO USA
Rocky Mount, N.C.
Corporate Personnel
Jack A. Laughery, chmn, president-ceo
John Wilson, sr vp-cfo
HARDEE'S FOOD SYSTEMS
Rocky Mount, N.C.
Marketing Personnel
William E. Prather, Jr., president-coo
Ralph Peterson, exec vp-cfo
Paul R. Lovin Jr., exec vp-operations
Gary L. Langstaff, exec vp-mktg
FAST FOOD MERCHANDISERS
Rocky Mount, N.C.
Marketing Personnel
Hugh Todd, president-coo
F. Winslow Goins, exec vp-district services
GRISANTI, INC.
Louisville, Ky.
Corporate Personnel
Michael J. Grisanti, president-coo
Advertising Agency
Ogilvy & Mather, New York—Scott Lippitt, Peter Neiman, Sabrina Alfin, Steel Hayes, acct execs.
PEOPLES DRUG STORES
Alexandria, Va.
Marketing Personnel
Frederick Edwards, sr vp-mktg
Joseph A. Pollard, sr vp-adv & corp relations
Advertising Agencies
Ehrlich Manes Associates, Washington, D.C.—corp adv—Nella Manes, president.
Fahlgren and Swink, Toledo, O.—James Renda, acct super; Liz Winkle, acct coord.
Mel Finkel Associates, Atlanta, Ga.—Mel Finkel, president.
SHOPPERS DRUG MART
Toronto, Ont., Canada
Marketing Personnel
Stan Thomas, exec vp-mktg
Gordon Stromberg, vp-adv
Advertising Agency
Kert Adu, Toronto—Shoppers Drug Mart—Jerome Shore, vp.

Jerrico Inc.

RANK **128**

Lexington, Ky.

($ in millions)

Worldwide	1986	1985	% chg
Sales	564	518	8.9
Net income	27	22	22.1
U.S. advertising	63	47	34.6
Division sales	**1986**	**1985**	**% chg**
Restaurants	455	421	8.1
Supplies, equip.	95	85	11.8
Royalties	12	11	9.1
Other	2	2	0

Its Long John Silver's Seafood Shoppes remain by far the nation's largest "fast fish" restaurant chain, and Jerrico Inc. is continuing to buttress the chain's leadership position through physical remodeling, menu additions and increased ad spending.

The 1,360-store chain, which had sales of $564.3 million in fiscal 1986, ended June 30, accounts for more than 60% of the fast food industry's estimated $1.1 billion fish category. Shoney's Captain D's chain and Skipper's, two regional chains, represent 25% and 7% of the market, respectively.

Although the restaurant industry has been sluggish, Jerrico has shown steady growth in recent years. Jerrico's performance, which in fiscal 1986 included growth in sales of 8.9%, compared with 4.4% for the prior year, and profit of $27.3 million, up 22.1%, has made Jerrico a persistent target of takeover speculation. Despite company-instituted "poison pill" measures, many analysts continue to believe the company soon will be swallowed by a conglomerate.

Its commanding market share in the seafood segment has made Jerrico a favorite on Wall Street, but Jerrico is reexamining all elements of operation with an eye to change under the tutelage of John Tobe, the former chief financial officer who took over as president in 1984.

The primary goal has been to increase average per-unit sales volumes at LJS stores. In fiscal 1986, that average for company operated stores was $515,000, a 7.3% increase over the 1985 average, but still far behind per-store averages for other fast food concepts. The average McDonald's, for example, had annual sales of $1.1 million during the same period.

A major building redesign program adopted in 1985 is intended to increase those per-store sales. In addition to presenting a more modern and appealing exterior, the new design's interior changes include additional seating and back-of-house changes that allow for faster food preparation and the ability to handle additional menu items. According to the company, units converted to the new design (at an average cost of $200,000 per store) had a 30% increase in sales.

The LJS menu, somewhat of a double-edged marketing sword, has been scrutinized. Consumer interest in fish as an alternative to red meat continues to increase, fanned by medical reports lauding fish's benefits, but until recently LJS fish products have been deep fried, and those same medical authorities have cautioned against consuming fried foods.

Citing the continuing popularity of french-fried potatoes, Jerrico execs believe fried fish will continue to be the most popular and it will continue to anchor the LJS menu. But the chain also has been exploring alternatives.

Kitchen-Breaded fish, introduced in 1985, replaces the heavy batter coating on its regular fish product with a lighter breading. Backed by a heavy introductory ad campaign, this product has gained a considerable share of sales. Catfish fillets, tested during 1985 and expanded throughout the system in 1986, are a lighter alternative.

This year, LJS has revamped its fish fillet sandwich, redubbed the "Fish Fish sandwich" to signal its inclusion of two Kitchen-Breaded fish fillets on a multigrain bun.

Baked and broiled fish entrees continue to be tested. These require additional preparation and cooking equipment and are expected to be rolled out through the system as physical plants are remodeled.

Cold fish and seafood salads under the "Chillers" name have been added to the LJS menu. The line includes a seafood salad, boiled-shrimp salad and Ocean Chef salad, which combines shrimp, crab meat and whitefish.

Given the concurrent rise in consumer demand for chicken, LJS also has expanded its chicken offerings. In April, 1985, it jumped on the chicken nugget bandwagon, removing its chicken Peg Legs product to make room. This year it has revamped its Chicken Plank product by using breast fillets.

Those menu changes have been the focus of LJS' advertising. The "Sounds good to me" theme introduced by creative agency Foote, Cone & Belding, Chicago, in 1985 continues.

The style of that advertising has not changed in the 18 months it has aired, but the ad budget has. Operators' advertising contributions were increased to 5% from 4.5% of sales in January, 1985, and that has led to increased tv ad spending.

Of the chain's $27.2 million in measured media spending, $26.3 million went to spot tv in 1985, a 34% increase over the $19.6 million spent in 1984. Spending continues to grow. During the first half of 1986, the chain purchased its first network tv time during the Lenten season. In addition to the network foray, LJS spent $12.9 million on spot tv during the first six months of 1986, up 21% from the year-earlier period.

In addition to Long John Silver's, Jerrico also operates the 60-unit Jerry's coffee-shop chain. Unlike LJS, Jerry's has encountered significant sales and growth problems, but Jerrico is committed to keeping and reviving the chain. As with LJS, the Jerry's decor and menu have been revamped. Ad expenditures, however, remain limited: The chain received only $350,000 in measured media support in 1985, according to Leading National Advertisers.

The company has high hopes for Florenz, a prototype northern Italian dinner house it opened in July, 1986, in Blue Ash, O., a Cincinnati suburb. The menu emphasizes light pasta dishes and grilled poultry and seafood. The 12,500-sq.-ft. building seats 260 in its dining room and 120 in its bar.

Jerrico for several years had sought an Italian chain. Plans call for additional Florenz units to open next year in Kentucky. Jerrico plans to develop the concept into a national chain. The popularity of Italian food is growing and no national, "branded" Italian restaurant chain has been established, the company says.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Spot tv	$26,502	$19,951
Spot radio	365	99
Outdoor	317	151
Total measured	27,183	20,201
Unmeasured	36,000	26,753
Total	63,183	46,954

JERRICO INC.
101 Jerrico Drive
Lexington, Ky. 40511
(606) 268-5211
Marketing Personnel
Anthony M. Lavely, exec vp-mktg
Lee F. "Chip" Hardy, vp-field mktg
Donald A. Metznik, vp-prod mktg
David M. Miller, vp-adv & mktg services
Advertising Agencies
(In-house) Abbott Advertising, Lexington, Ky.—Anthony M. Lavely, president; David M. Miller vp-genl mgr.
Foote, Cone & Belding, Chicago—Mitch Engel, sr vp-mgmt super.

Kimberly-Clark Corp.

RANK **110**

Irving, Tex.

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,073	3,616	12.6
Net income	267	225	18.7
U.S.	**1985**	**1984**	**% chg**
Sales	3,042	2,655	14.6
Operating profits	420	316	32.8
Advertising	70	84	(17.2)
Division sales	**1985**	**1984**	**% chg**
Papers	856	845	1.3
Aircraft, furnishing	118	97	21.6
Consumer prod.	3,172	2,135	48.6

Kimberly-Clark Corp. spent less in measured media advertising in 1985 than in 1984, but paper industry analysts say K-C more than made up the difference in unmeasured promotional spending as the company continued its strong sales and earnings gains, primarily on the strength of its Huggies premium disposable diapers.

Diaper sales rose to 26% of total sales in 1985 from 21% in 1984 and 16% in 1983. Sales of household and other tissue-based products, while increasing in dollar amounts, declined to 29% of sales in 1985 from 30% in 1984 and 1983.

More than 80% of K-C's net sales increase during the three years through 1985 is because of volume growth from Huggies diapers. U.S. volume for feminine care products fell during the same three-year period but rose in 1985.

In the $2.8 billion U.S. disposable diaper market, K-C late in the year lost much of the market share it gained in 1984, as Cincinnati-based rival Procter & Gamble began introducing its new generation of diapers, Ultra Pampers, Blue Ribbon Pampers and Luvs Baby Pants.

In 1984, K-C's Huggies had a 32% share, rising to 34% in mid-1985, compared with P&G's 50%, split between Pampers and Luvs. However, by mid-1986, K-C's share dropped to 25% while P&G rose to 58.8%, with Pampers climbing to 39.5%, according to Sherman Chao, paper products analyst with Salomon Brothers, New York.

K-C's strong showing through the end of 1985 surprised industry analysts because the company had restricted Huggies' allocation to the retail trade for much of 1985's fourth quarter while retooling machines to handle Huggies Extra Absorbent Medium 40s, a thicker, extra-absorbent diaper with an elasticized waistband and legbands.

K-C began distributing the thicker diaper in mid-1985, positioning it for overnight use in advertising from Ogilvy & Mather, New York.

Much of the measured media spending on Huggies went to network tv, with magazine and spot tv support, according to Leading National Advertisers, which monitors seven media. Analysts say media spending would have been higher if K-C had been able to expand Huggies production capacity faster. For part of 1985, K-C put Huggies advertising on hold, as consumer demand exceeded production capabilities.

K-C made up for the lack of media advertising with several promotions, including one offering consumers a free Polaroid camera with 36 proof-of-purchase seals via a print campaign handled by Ogilvy & Mather.

K-C in August, 1986, finally responded to P&G's "thin" diaper challenge with the national introduction of Ultra Trim Huggies, a thinner Huggies with a narrower crotch, wider waistband and wider elastic legbands.

K-C also concentrated on carving new niches in the disposable diaper category, which is growing by 11% annually and is expected to reach $5 billion by 1990. K-C in July, 1986, introduced extra-large Huggies, meant for toddlers weighing 33 lbs. and more who are not toilet trained. K-C also is testing disposable baby bibs and is said to be testing thin, diaper-like disposable training pants.

Meanwhile, P&G carried its diaper supremacy battle with K-C into federal court, alleging that K-C infringed on a patent for elasticized waistbands. The lawsuit is pending in Dallas.

"Kimberly is looking at its diaper business as one that's experiencing very fast growth. Because of that growth, there are opportunities for new, niched diaper products like the extra large Huggies and the training pants," Mr. Chao says.

For feminine hygiene products, K-C dropped its measured media spending for New Freedom to $3.1 million, down 81.9% from $17.1 million in 1984. At the same time, support for the Kotex value-priced line dropped 53.1%, to $3.1 million, during the same period.

During 1985, K-C continued facing intense competition from P&G and Johnson & Johnson, which spent heavily in the $1.5 billion category. P&G spent an estimated $100 million to introduce its Always line, while J&J (Assure, Carefree, OB tampons, Stayfree pads, Sure & Natural) is believed to have spent more than $50 million defending its leadership position in the category.

"K-C apparently made a management decision not to compete dollar for dollar with J&J and P&G," says Jay Freedman, household products analyst with Kidder Peabody & Co., New York. Now that P&G has ended its introductory cycle for Always, analysts expect advertising levels to drop.

K-C's New Freedom and Kotex hold 25% of the category; J&J's Sure & Natural, Assure & Natural and Stayfree lines have 45%; P&G has 13% to 16% for Always, and Lake Success, N.Y.-based Tambrand's Maxi-Thins, 11%.

Ad spending measured for K-C's Kleenex facial tissues totaled $15 million, up 41.5% from 1984. Kleenex Softique tissues continued to receive the most measured media spending, $7.7 million, up 54% from 1984. "Runny Nose," an animated character introduced in 1984 via Foote, Cone & Belding, Chicago, continued his quest during 1985 for a softer tissue. K-C execs trademarked the Runny Nose theme, "For softness that's right on the nose."

K-C also began airing new creative for its trademark Kleenex brand tissues, the first since the estimated $6 million account returned in 1983 to FCB.

In mid-1985, K-C withdrew Avert virucidal tissues, which were in two upstate New York test markets for 10 months. K-C supported the test with $169,000 in measured media spending. The three-layer tissue was treated with citric acid, malic acid and sodium lauryl sulfate, a formulation K-C says kills many common cold and flu viruses. K-C says the tissues were withdrawn for further research and development, and the company is expected to eventually reintroduce the tissue.

With all its Kleenex brand tissues, K-C controls 45% to 50% of the $1 billion facial tissue category. Philadelphia-based Scott Paper Co.'s Scotties is the No. 2 brand, while P&G's Puffs is No. 3.

K-C's economy-priced and little advertised Hi Dri paper towels and Kleenex brand towels together hold an estimated 7.3% of the $1.3 billion U.S. paper towel market. Scott's four brands—Job Squad, ScotTowels, Viva and Waldorf—command a 23.1% share; P&G's Bounty, 18.8%, and James River Corp., Richmond, Va., marketer of Brawny and Northern, has a 9.7% share.

In February, 1985, in Denver, K-C began testing Clout, a heavy-duty paper cloth. A print and tv campaign, themed "For heavy-duty cleanups, now you've got Clout," was handled by Campbell-Mithun, Minneapolis. Clout received $190,500 in measured media spending. K-C withdrew Clout from the test in early 1986.

Measured media support for K-C's Depend line of incontinence products fell 17%, to $4.8 million, all spent on spot, network and cable tv.

Competition comes mainly from P&G's Attends line of shields and briefs. When introduced, P&G concentrated on winning the institutional incontinence market, but recently has moved into the general consumer market. K-C, which already positioned Depend for the general market, began running a tv, print and radio campaign in August, 1985, featuring movie star June Allyson as spokeswoman. The campaign, themed "Get back into life with Depend," is handled by Campbell-Mithun, Minneapolis. Depend holds a 13% share of the estimated $300 million ambulatory incontinence category, to P&G's 55% share, according to paper industry analysts.

K-C spent an additional $305,500 on network and spot tv for unspecified paper product advertising, although sources say the spending went toward Huggies.

K-C's fledgling business class airline, Midwest Express, began nonstop services from Milwaukee to Atlanta and added service from Milwaukee to Washington in 1985's fourth quarter. The airline continued growing despite a setback in the third-quarter when one of its three planes crashed Sept. 6 in Milwaukee, killing all 31 people aboard.

The airline reported carrying 65,111 passengers through June, 1986. Sports commentator Al McGuire promoted the airline in 60-second spots airing primarily in Wisconsin markets. Mr. McGuire, former Marquette University basketball coach, was chosen as spokesman because of "his Milwaukee ties and all the business traveling he does," says William Krueger, spokesman for the airline.

In March, 1985, K-C moved its world headquarters to Irving, Tex., one of the communities between Dallas and Fort Worth, from Neenah, Wis., although the company's marketing divisions remain in Neenah. K-C says about 50 employees transferred to Irving, including the office of the chairman and senior corporate, financial and legal administration executives.

In February, 1986, K-C announced that its three vice-chairmen—Robert C. Ernest, 62, senior officer at the company's Neenah headquarters; Marvin F. Gade, senior officer at the Roswell, Ga., headquarters, and Donald R. Hibbert, 60, chief financial officer—will retire Jan. 1, 1987, but remain as consultants to the company until 1988. The three execs along with company chairman Darwin Smith make up the company's new office of the chairman. It is not clear who will be named to fill the vacant positions, although exec vps Peter Larson and Dick Sonnentag are believed to have the inside track.

Also, K-C named Brendan M. O'Neill a senior vp. He had been vp-finance at Northwest Industries. O. George Everback was named to the new position of senior vp-general counsel, from vp-secretary and general counsel. Donald M. Crook succeeds Mr. Everback as secretary and also was named a vp, from chief counsel-corporate affairs. W. Anthony Gamcon, formerly assistant treasurer, was named vp-treasurer, succeeding Mr. Hibbert.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$6,317	$8,728
Newspaper	1,012	463
Bus. pubs.	330	339
Network tv	40,727	47,148
Spot tv	6,213	9,572
Spot radio	164	143
Network cable	626	501
Outdoor	20	6
Total measured	55,409	66,899
Unmeasured	14,132	17,063
Total	69,541	83,962

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PERSONAL CARE SECTOR
Marketing Personnel

T.L. Dahl, president
R.F. Auchter, vp-infant care
T.A. Newby Jr., vp-feminine care
G.J. Ker Jr., dir-adv services

HEALTHCARE AND NONWOVEN SECTORS
Marketing Personnel

J.W. Donehower, vp-professional healthcare, medical and nonwoven businesses
R.D. Carter, vp-medical & nonwoven fabrics
J.S. Metz, vp-professional healthcare
P.S. Geisler, vp-home healthcare

SPENCO MEDICAL CORP
Marketing Personnel

W.R. Spence, M.D., chmn, ceo and medical dir
J.S. Sumner Jr., president

HOUSEHOLD PRODUCTS SECTOR
Marketing Personnel

J.D. Bernd, president
R.C. Van Driest, vp-consumer tissue business
D.W. Lahey, dir-sales promo
R.S. Fountaine, vp-U.S. mktg rsch

SERVICE AND INDUSTRIAL SECTOR
Marketing Personnel

G.A. Zins, president

NEW BUSINESS DEVELOPMENT
Marketing Personnel

W.M. Heran, vp

PAPER SECTOR
Marketing Personnel

R. Plaut Jr., president, specialty prods
J.S. Rausch, president, technical paper
R.W. Kohl, president, Brown-Bridge
J.E. Carter, president, Karolton Envelope
M.R. Holcomb, president, Neenah Paper

NORTH AMERICAN PULP & NEWSPRINT SECTOR
Marketing Personnel

J.T. McCauley, president
S.B. Pinkerton, president, U.S. Pulp & Newsprint

Advertising Agencies

Campbell-Mithun, Minneapolis—Depend incontinence prods, new prods—M. Betsch, mgmt super.

Carillon Advertising, West Dillon, O.—gummed papers—Mario Smiraldo, president.

Foote, Cone & Belding, Chicago—Kleenex and Softique facial tissues, roll prods, table napkins—D.W. Fox, group mgmt super.

Kamstra Communications, St. Paul, Minn.—writing and printing papers—John Warner, acct super.

Westbrook Advertising, Richmond, Va.—professional healthcare prods—Dave Murphy, acct super.

Ogilvy & Mather, New York—Huggies diapers, New Freedom feminine care prods, Kotex feminine care prods—C.N. Angers, group dir.

Ogilvy & Mather, Atlanta—nonwovens new business devel—David Harris, acct super.

Kroger Co.

RANK **104**

Cincinnati

($ in millions)

Worldwide	1985	1984	% chg
Sales	17,124	15,923	7.5
Net income	181	157	15.4
U.S. advertising	70	54	30.0

Division sales	1985	1984	% chg
Food	15,563	14,753	5.5
Drug stores	1,157	859	34.7
Convenience	404	311	29.9

Kroger Co., the second largest U.S. food and drug retailer after Safeway Stores, is pulling virtually every stop to continue its healthy growth performance of 1985, including the acquisition of drug, grocery membership warehouse and convenience store units and expansion of Kroger units throughout the country.

In 1985, 91% of Kroger's total sales were from food stores, 7% from drugstores. Total sales of $17.1 billion were up 7.5% from 1984, and two of those percentage point increases were credited to 1985 acquisitions. For the first half of 1986, sales were up 8%, to $8.4 billion from $7.8 billion in the corresponding period in 1985, and net income was 7% higher, rising to $83.8 million.

Kroger leads in the number of grocery outlets in the continental 48 states, with 1,367 supermarkets, although Safeway has more grocery outlets in all 50 states. The total, however, is changing as the company carries on an intensive program of acquisitions, closings and new store construction. At the end of 1985, there were 643 convenience stores and 872 drugstores in addition to 1,367 supermarkets.

Kroger spent more than $31.2 million for national advertising in 1985, according to the 11 media monitored for this issue. Local advertising from its vast outlets, which is not included in total advertising for this issue, ran $197 million in 1985, according to the company. Much of this was for couponing and point-of-purchase displays. That compares with $24 million in national measured media in 1984 and local ad contribution of an additional $152.8 million.

Sale of meat has been a top priority at Kroger ever since 1904-05 when the company became the first grocery chain to install meat departments. Today meat is the first theme of Kroger's major advertising.

Kroger has an umbrella theme for its marketing program, the "Meat Excellence," which began in early 1986 and focuses on the consumer benefits of buying meat at Kroger. The program is two-pronged. It announces that Kroger leads the country in trimming all red meats to ¼-in. of fat, and states that all Kroger meat is guaranteed with double-your-money-back if not completely satisfied.

Kroger also is advertising its private label brands. The labels are being promoted almost entirely on tv via 30-second spots that run in one or two-week flights. Campbell-Mithun is the agency.

Spot tv took 86.3% of Kroger's 1985 ad spending, or $26.9 million, compared with 98.2%, or $23.7 million, in 1984. Spot radio exploded to $3.5 million in 1985 from just $11,000 in 1984. Outdoor advertising expanded to $737,000 in 1985 from $259,000 the preceding year. Magazine spending grew tenfold, to $61,000 in 1985.

Acquisitions in 1985 caused some of the increase in advertising outlays, particularly Hook Drugs, which received $1.04 million, all of it in spot tv. But the biggest part of the increase was nearly $5 million more for Kroger Food Stores. The 1985 Kroger total, $25 million, was up 21% from $20.7 million in 1984. Of that 1985 total, $24.4 million went for spot tv, just $8,300 went for network; the total for magazines was up about tenfold to $56,100, and outdoor spending for Kroger Food Stores more than doubled, going to $532,800 from $222,100 a year earlier.

In other categories, spending for Fry's Food Stores in the southwestern U.S., part of the Dillon Stores group, moved up 18.5%, to $459,100, in 1985, all for spot tv; spending for the Dillon-labeled food store chain dropped sharply to $92,400 from $647,100 in 1984, also all spot tv, and SupeRx Drug Stores backing increased 13.5%, to $962,000.

Acquisitions are an important tactic in Kroger's general competitive strategy, and in 1985 the company added substantially to its forces, spending $268.4 million for three major additions.

On May 28, 1985, Kroger merged the 328-store Hook Drug chain into a subsidiary, paying $161 million for the company. Hook has stores in Indiana, Illinois, Ohio and Kentucky, and its acquisition, in combination with the company's 544 SupeRx drugstores, makes Kroger the fifth largest drug chain in the U.S.

Kroger, on Aug. 4, 1985, entered a new grocery area, the $4.1 billion membership warehouse business, when it acquired the five 100,000-sq.-ft. warehouse stores of Price Savers Wholesale, Salt Lake City. The stores are in the western states and Alaska.

The Kroger subsidiary, Dillon Cos., acquired the convenience store operations Aug. 19, 1985, of Farmland Industries, Lancaster, Pa. Included in the purchase were 170 Turkey Hill Minit Market convenience stores and the Turkey Hill Dairy, Conestoga, Pa.

On Dec. 16, 1985, Kroger bought the 11-store supermarket chain operated by M&M Super Markets in the Savannah, Ga., area.

Through a corporate asset redeployment program, Kroger is putting its assets where the best money is. It also is selling poorly performing stores. In 1985, Kroger opened and acquired 68 supermarkets, 331 drugstores and 220 convenience stores; closed 63 supermarkets, 33 drugstores and 20 convenience stores, and remodeled 125 supermarkets and 45 drugstores.

During 1986, Kroger is spending $350 million to build 55 food stores, 41 drugstores, 10 convalescent aid centers (an adjunct to its drugstore business), and 45 convenience stores plus remodeling 114 supermarkets and 42 drugstores.

Kroger is seeking to be as flexible as possible in responding to market trends and conditions. Its purchase of

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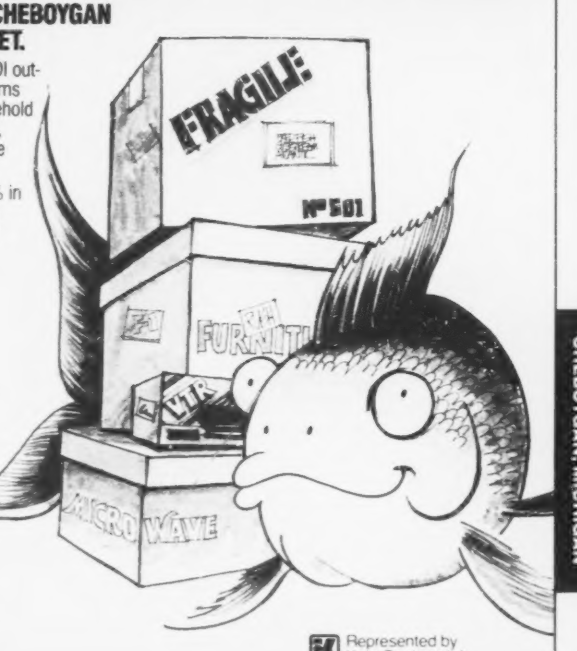

TRAVERSE CITY-CADILLAC CHEBOYGAN, MICHIGAN

BE A BIG FISH

BEAM COMMUNICATIONS

WPBN-TV/WTOM-TV, NBC, Traverse City - Cadillac - Cheboygan, MI
WDAM-TV, NBC, Laurel-Hattiesburg, MS
KYEL-TV, NBC, Yuma, AZ - El Centro, CA
WCFT-TV, CBS, Tuscaloosa, AL

Represented by Katz Continental

Source: 1985 Survey of Buying Power

WPBN-TV WTOM-TV NBC
TRAVERSE CITY-CADILLAC-CHEBOYGAN, MICHIGAN

Price Savers puts it in the growing grocery membership market segment, and its link with the third biggest U.S. grocery wholesaler, Wetterau Co., St. Louis, enables Kroger to remain in the highly competitive Michigan retail food market. With the big wholesaler, Kroger formed a new entity, Foodland Distributors, to supply food and other merchandise to independent stores, Kroger supermarkets and other chains in Michigan.

Kroger, besides operating in the Midwest, South and Southwest, has many Kroger-owned regional chains: M&M Super Markets in Southern Georgia; Sav-More in Arkansas, Missouri and Oklahoma; SupeRx Food & Drug stores in Florida; Price Savers membership warehouses in Utah, Washington, and Alaska, and the large group of Dillon Cos. stores—Dillon Food Stores in Kansas, Missouri, Arkansas and Oklahoma; King Soopers in Colorado; Fry's Food Stores in Northern California and Arizona; City Market in Western Colorado, and Gerbes Supermarkets in Missouri.

Kroger's drugstore group includes SupeRx Drug Stores in the Midwest, Hook's Drug Stores in Indiana, Ohio, Kentucky, Illinois and Michigan, and Hook Convalescent Aid Centers in Indiana, Illinois, Tennessee, Kentucky and Ohio. In late 1986, it reported it was selling 54 food stores in the St. Louis area as well as its distribution center, despite capital investments of nearly $25 million in the stores the past five years.

The convenience store group consists of Time Saver in Louisiana; Quik Stop Markets in Northern California; Kwik Shop in Kansas, Nebraska and Iowa; Tom Thumb Food stores in Florida and Alabama, and Turkey Hill Mini Markets in Pennsylvania.

Competitiveness in the market also has led to incorporating bookstores, branch banks, dental offices, insurance agents, eyewear shops and restaurants in Kroger units.

But heavy competition and high wage levels have forced Kroger to exit Chicago, Cleveland and Detroit. It has waged heavy competitive battles in Minneapolis, Kansas City, Atlanta, Nashville and Washington. In Memphis and Indianapolis it fought hard and won its place in the market. The company has a reputation as a hard negotiator with unions, and in Michigan, it closed 40 stores until the United Food & Commercial Workers local made concessions.

Joseph A. Pichler, president-chief executive officer of Kroger's Dillon Cos., was elected exec vp of Kroger in July, 1985, while continuing his responsibilities at Dillon. In March, 1985, Kroger moved to block any attempted hostile takeover attempt by instituting a warrant dividend plan for protection of its shareholders.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$61	$6
Network tv	9	0
Spot tv	26,890	23,671
Spot radio	3,459	11
Network cable	0	11
Outdoor	737	259
Total measured	31,157	23,958
Unmeasured	39,000	29,990
Total	70,157	53,948

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Marketing Personnel

Richard Owens, vp-adv

Advertising Agency

Campbell-Mithun, Chicago—Marv Goldsmith, exec vp-genl admin mgr; John Kroenig, Jon Wylie, vp-mgmt supers.

RANK
130

Estee Lauder Inc.

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,250	1,040	20.2
U.S.	**1985**	**1984**	**% chg**
Sales	750	625	20.0
Advertising	63	56	11.4

As baby boomers turn 40, New York-based Estee Lauder Inc. turned its attention to the care of mature complexions, introducing skincare formulas for middle-aged woman, skincare for men and sunblock products in 1985, all with strong ad support.

Estee Lauder, however, continued to save its biggest ad outlays for fragrances, multiproduct promotions and Estee Lauder Night Repair lotion.

Estee Lauder generated about $400 million in sales from its Estee Lauder, Clinique and Prescriptives skincare lines based on its leading 35% share of facial skincare sales in department stores. Department stores represent about 59% of the $1.9 billion sales in the category, according to Allan Mottus, a leading cosmetics industry analyst and president of Mottus & Associates, New York.

Estee Lauder, which is growing about 20% a year in sales, holds an 11.7% share of the $5.5 billion U.S. beauty products business and 35% of department store sales, the only outlet for Estee products. Mr. Mottus pegs privately held Estee Lauder's worldwide sales at $1.25 billion, with U.S. sales accounting for about $750 million, or 60% of the company's business. Among competitors, only Avon is believed to have generated more sales in the U.S. than Estee Lauder, whose pre-tax earnings are estimated at $200 million, according to Mr. Mottus.

Estee Lauder Night Repair lotion received nearly $5 million in ad support in 1985, down from $5.9 million in 1984. The product also was featured in much of the company's $6.9 million spot tv buys for multiproduct advertising. Estee Lauder spent $1.3 million, mostly in magazines, promoting its facial lotions last year.

In 1985, Estee Lauder literally changed its face. Ford agency model Karen Graham, the woman who appeared exclusively in Estee Lauder ads for 14 years, now shares billing with 20-year-old Willow Bay, another Ford model who "conveys the American sense of classic beauty," the company says.

In other developments, the company spent several months in 1985 negotiating to buy the $110 million fragrance division of Giorgio, but failed to come to terms. Also, the company inadvertently got some attention at the end of 1985 when two books on company founder and namesake Estee Lauder—one an autobiography, the other an unauthorized biography—hit bookstore shelves.

Estee Lauder's Clinique subsidiary, with sales of $200 million, according to the company, spent $8.3 million on advertising in 1985, all in print. Skin supplies for men received $955,900 in ad support, compared with $215,000 for new in-house competitor Estee Lauder skincare products for men. In 1985, Clinique introduced several male-targeted products: Hair Trainer cream rinse, Therapy shampoo and Antidandruff Control, and a stick antiperspirant. In addition, Body Scrub was added to the Skin Supplies for Men line and Anti-Acne Control Formula was added in 1986.

Clinique Advanced Cream, geared to middle-aged women, was launched in 1985 with $194,000 in print ads. In addition, the company introduced Eye-Zone sunblock; Touch-base for eyes, an eye shadow line; the Perfect Nude Mouth, a package of two lip pencils and two lip glosses; After-sun Balm with Aloe, and Be Brilliant, a new line of nail colors. The company spent $718,200 advertising Clinique eye makeups in 1985, up 49%.

In 1986, Clinique continued its emphasis on tanning and sunblock products by introducing Pre-Tan Enhancer, Face-Zone sunblock and Suntan Polisher. The company has added an alcohol-free clarifier to its skincare line to complement Advanced Cream. Other recent introductions include Rinse-Off eye makeup solvent.

Estee Lauder's Aramis division spent $5.9 million in advertising last year, up slightly from 1984. Aramis fragrances and toiletries received the bulk of that budget with $3.5 million in spot tv. The company introduced the Aramis 900 herbal cologne spray in 3.25-oz. size last April, along with the Aramis 900 Traveling Team combo with small sizes of herbal cologne, aftershave, deodorant and shave cream. Aramis 900 got $1.2 million in ad support last year, up from $300,000.

In September, 1985, Aramis spent $134,300 in print ads to launch a new fragrance for men, Tuscany. The line includes eau de toilette, Brisk Body Splash, an aftershave as well as several gift packages such as a travertine shaving set and leather-boxed combos.

This year, Aramis already has introduced a full line of tan-care products to add to the estimated $270 million suntan product market. The Aramis Sun Series line includes Pre-Tan Activator, Deep Bronzing oil, three levels of sunscreen, scalp protector, lip protector and a post-tan maintenance product. WETPLEXX hair styling glaze is expected to debut this fall.

Despite numerous line extensions and new product introductions, last year Estee Lauder spent most of its ad dollars on fragrances. The company introduced Beautiful in the fall of 1985 with $3.9 million in advertising. Spot tv accounted for $2.4 million of that budget; magazines and newspaper supplements filled out the buy.

Support for White Linen dropped slightly from $5 million in 1984, although it continued to be one of Estee Lauder's most advertised products with $4.6 million in spot tv and magazine advertising. Private Collection perfume got $557,300 in print support, down 36% from 1984, when spot tv was included in the mix.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$17,289	$15,573
Newspaper	3,447	3,301
Newsp. supps.	2,931	2,455
Spot tv	22,469	19,927
Spot radio	686	793
Total measured	46,822	42,050
Unmeasured	15,919	14,296
Total	62,741	56,346

ESTEE LAUDER INC.
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(212) 572-4200

Corporate Personnel

Estee Lauder, chwn
Leonard Lauder, president-ceo
Evelyn Lauder, corp vp
Robert Barnes, president, Estee Lauder U.S.A.
Carol Phillips, president, Clinique Laboratories
Jack Wiswall, sr exec-corp vp-president, Aramis
Robert Nielsen, exec vp-genl mgr, Prescriptives

Advertising Agency

AC&R Advertising, New York—Estee Lauder Cosmetics and Treatments, Aramis, Clinique, Prescriptives—Alvin Chereskin, president; Lida Burpee, acct super-Estee Lauder Cosmetics (all brands including White Linen); Jane Van Gelder, asst acct exec, Estee Lauder Cosmetics; Cindy Colt, vp-acct exec, Clinique; Janet Budnick, vp-acct super, Aramis & Prescriptives.

RANK
164

Lucky Stores

Dublin, Cal.

($ in millions)

Worldwide	1985	1984	% chg
Sales	9,382	9,237	1.6
Net income	87	95	(8.6)
U.S. advertising	50	46	7.2
Division sales	**1985**	**1984**	**% chg**
Food stores	6,225	6,207	0.3
Gemco stores	2,428	2,326	4.4
Spec. stores	721	704	2.4

Lucky Stores Inc., which completed a long-term restructuring program in 1985 by disposing of 550 unprofitable stores and the closure of two distribution food centers, is divesting its entire Gemco division in late 1986 and buying back stock in an attempt to ward off a bid to take over the company by New York investor Asher B. Edelman.

Lucky's restructuring—prior to the Edelman offer—involved mostly unprofitable stores in the Chicago, Houston and Seattle markets. The two food distribution centers that were closed served those markets in Westville, Ind., and Houston. Lucky built or acquired 520 new stores in the same period, in its target growth areas of Arizona, Florida, California and Nevada. Lucky is the nation's fourth largest food retailer in sales behind Safeway, Kroger and American Stores in that order.

The company's advertising budget during the period of readjustment grew to $90.1 million in over-all advertising in 1985, up 22% from $73.6 million in 1984. That included measured spending of $24.8 million in 1985, up from $23.1 million in 1984. Major medium for both years was spot tv, claiming $20 million of the total in 1985 and $20.2 million in 1984. That places the unmeasured media spending, mostly local newspaper advertising for Lucky's 1,465 food and specialty stores, at $65.3 million, up 29% from 1984. AD AGE just monitors national media spending for this issue so its total ad spending figure is less than Lucky's ad budget.

Lucky continues to push its Five Star Meats ad program chainwide with spot radio and tv, with a new emphasis on product quality and service rather than only low prices, as in the past.

In Southern California, where Lucky Stores moved from third place to first in market share earlier this year, the company is likely to be facing some new competition from The Giant, a new concept being introduced by Federated Department Stores' Ralph's chain.

Lucky's first half of its current fiscal year has been a disappointment for the company. While its food stores turned in flat results and its specialty stores inched forward, these results were overshadowed by the lackluster results from its Gemco membership department store division.

The company's 80 Gemco stores, located in California, Nevada and Arizona, posted two consecutive quarterly losses. For the first six months ended in August, Gemco recorded pretax losses of $28.1 million, compared to a pretax income of $6.5 million in the comparable period a year earlier.

The company attributed the Gemco losses to two factors: A major (and expensive) remodelling effort and two marketing programs that fell short of the mark. Lucky began its remodelling effort in late 1985 in an effort to bring the stores up to date. The remodel tended both to disorient customers and detract from the employes' ability to offer service. Meanwhile, despite heavy promotional spending around Easter, sales failed to meet projections. An experiment with marriage mail in Southern California and newspaper inserts in Northern California proved expensive and unproductive.

The impact on the company's overall bottom line from the lack of profits from Gemco encouraged the takeover bid from Mr. Edelman, despite a stockholder purchase-rights plan, or "poison pill," adopted by the company one month before the bid. Gemco also has been hurt by strikes for two years running.

Lucky rejected Mr. Edelman's offer of $35 a share, in early October, opting instead to announce the closure a few days later of its Gemco discount store operation and the sale of 54 of the 80 units to Minneapolis-based Dayton Hudson for $374 million, which will convert the locations into Target stores. A buyer had not surfaced by mid-October for the remaining 26 units, which could bring the total sale of the division to $700 million.

The board at the time it rejected the Edelman offer said it was looking at options to enhance shareholder value in the near term. The sale of the unprofitable Gemco unit would do that. The company may also shed three more specialty units. A day after the announced sale, Lucky said it would buy up to 11.25 million, or about 22% of its common shares for $40 each in a two-phased tender valued at $450 millon. Mr. Edelman responded by raising his bid from $35 a share, for a total of $1.79 billion, to $37 a share, or $1.88 billion, and threatened a cash tender offer or a proxy contest if rebuffed further.

Two-thirds of Lucky's revenues come from its supermarkets, about 580 stores under the Lucky, Eagle, Kash N' Karry and Food Basket banners. These low-margin operations improved their profitability in the first half of this year, particularly in the second quarter, but investors still believe the value of the food stores is in the real estate. For the first six months of this fiscal year, the food stores saw a slight 0.5% decline in sales to $3.1 billion with an 18.7% gain in pretax earnings to $64.2 million.

In 1985, the supermarkets attracted $13 million in measured national media in 1985, up 8% from $11.9 million in 1984.

Lucky's specialty retail operations—which may be the next operation to be sold to ward off Mr. Edelman—includes small department stores, automotive stores and fabric stores. The group showed modest gains, but remain the most profitable segment in terms of profit margins. Lucky's properties include: 376 automotive stores under the Kragen and Checker names; 320 fabric stores under the Hancock, Minnesota Fabrics and Fabric Warehouse names; and 1,224 Yellow Front general stores. Representing just over 8% of Lucky's total sales, the specialty operation contributed about 42% of the company's total pretax profit for the first six months of this year.

Measured media spending for automotive stores increased 13% to $2.9 million over 1984. Fabric stores attracted $393,000 in measured spending, up 11%.

A number of ad agency changes occurred in 1985. The Phoenix-based auto division switched its account to Shelly Berman Communicators, Columbus, O., from Bernstein-Rein Advertising, Kansas City, Mo. Buena Park, Cal.-based Gemco named DYR, Los Angeles, as its first agency, to work with in-house agency LuGem Advertising. The Southern California food division, based in Buena Park, moved its account from in-house to Cochrane Chase, Livingston & Co., Newport Beach, Cal.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$25	$18
Spot tv	20,007	20,238
Spot radio	4,574	2,771
Outdoor	169	88
Total measured	24,775	23,115
Unmeasured	25,000	23,325
Total	49,775	46,439

LUCKY STORES
6300 Clark Ave.
Dublin, Cal. 94568
(415) 833-6000

Corporate Personnel

John M. Lillie, president-ceo

Marketing Personnel

Jack A. Hoover, sr vp-mktg

GEMCO DIVISION
Buena Park, Cal.

Corporate Personnel

Stanley Brenner, president

Advertising Agency

DYR, Los Angeles—Warren Lollich, mgmt super.

SOUTHERN FOOD DIVISION
(LUCKY STORES)
Buena Park, Cal.

Corporate Personnel

William Yingling, president

Marketing Personnel

Dick Frederickson, vp-dir mktg

Advertising Agency

Cochrane Chase, Livingston & Co., Newport Beach, Cal.—Joan Butcher, sr vp-group super; Bruce Barta, vp-mgmt super; Karen Cotter, acct exec.

NORTHERN FOOD DIVISION
(EAGLE)
San Leandro, Cal.

Corporate Personnel

Richard Goodspeed, president

Marketing Personnel

Alan Stec, vp-adv

Advertising Agency

(In-house) LuGem.

FLORIDA FOOD DIVISION
(KASH N' KARRY)
Tampa, Fla.

Corporate Personnel

Ronald Floto, president

Marketing Personnel

W.D. Peterson, vp-dir mktg
Michael Russell, vp-adv

Advertising Agency

(In-house).

MIDWESTERN FOOD DIVISION

EAGLE
Rock Island, Ill.
Corporate Personnel
Pasquale Petitti, president
Marketing Personnel
Kenneth Martin, vp-dir mktg
Ray Myers, vp-adv mgr
Advertising Agency
Ogilvy & Mather, Chicago,—Bob Gustafson, vp-acct super; Charles Day, acct exec.
HANCOCK TEXTILE DIVISION
Tupelo, Miss.
Corporate Personnel
Morris Jarvis, president
Marketing Personnel
Myron Morrison, adv mgr
Advertising Agency
(In-house) Sky Advertising.
AUTOMOTIVE DIVISION
Phoenix, Ariz.
Corporate Personnel
Sam Parker, president
Marketing Personnel
Larry Shkolnick, vp-dir sales & mktg
Advertising Agency
Shelly Berman Communicators, Columbus, O.—Mark Placenti, mgmt super (Pheonix); James Schoenberger, acct super (Oakland, Cal.)
YELLOW FRONT
Phoenix, Ariz.
Corporate Personnel
D.G. Cunningham, president
Advertising Agency
(In-house).

RANK **126**

Marriott Corp.

Washington

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,242	3,525	20.3
Net i[illegible]e	167	140	19.7
U.S. [illegible]rtising	64	66	(2.4)
Divisi[illegible]n sales	**1985**	**1984**	**% chg**
Lodging	1,898	1,641	15.7
Contr[illegible]ood	1,586	1,070	48.2
Re[illegible]ants	757	820	(7.7)

Marriott Corp. built on its strength in lodging, foodservice, restaurants, lifecare retirement and related business in 1985 and 1986 with key acquisitions of leading marketers including Saga Corp. and Howard Johnson Co.

That acquisition activity is showing up in returns at Marriott which through the first nine months of 1986 had sales of $3.42 billion, up 20.1%, and net income of $135.5 million, up 17.2%—figures of which included only about two months of the Saga foodservice results.

In the process of expanding its business lines in 1985, Marriott boosted its measured media advertising 27% over 1984. Most ad expenditures went for two restaurant chains, Bob's Big Boy and Roy Rogers Family Restaurants. Roy Rogers received $8.3 million, down from $8.4 million in 1984, and Bob's Big Boy got $4.1 million, up 5.1%. Virtually all advertising for the two chains was in spot tv.

Restaurant operations, which include Big Boy, Roy Rogers and Hot Shoppes cafeterias and service restaurants, accounted for 18% of Marriott's total sales in 1985. The division underwent substantial transitions in 1985, including the gain of 350 company-operated Howard Johnson Co. restaurants when it acquired in November, 1985, the company from Britain's Imperial Group.

When converted, the restaurants will permit expansion of Big Boy highway restaurants in the East, where Big Boy has lacked a major presence, Marriott says.

The Howard Johnson name was changed to Marriott Family Restaurants, which retained 350 company-operated restaurants, 60 highway units and related service operations.

The purchase price for Howard Johnson was $531 million, including assumed liabilities of about $222 million. All Howard Johnson hotels, lodges and motor lodges and restaurant franchise systems were sold for $235 million to Prime Motor Inns soon after the acquisition.

Already 25 of Howard Johnson conversions have been made, with plans calling for more than 200 conversions to Big Boy concepts over three years. The units will continue to operate under the Howard Johnson name until converted to Big Boy or sold.

In 1985, Earle Palmer Brown Cos., Bethesda, Md., ran a successful campaign that asked customers to vote on whether Big Boy should remain the chain's symbol. Sales got a 10% boost during the campaign. But 1986 saw a more serious approach. A $10 million tv and newspaper campaign went with the theme "Nobody takes care of you like Big Boy," focusing on the food and service consumers can expect at Big Boy. The unified campaign approach was meant to give presence to a larger Big Boy franchise with the addition of new Howard Johnson units.

Roy Rogers made an agency move in 1985 from Smith Burke & Azzam, consolidating with the rest of Marriott's restaurants at Earle Palmer Brown.

Marriott also acquired the outstanding common stock of Service Systems Corp. and Gladieux Corp., diversified food service companies, for $66.2 million. The acquisitions nearly tripled Marriott's foodservice management operations.

Marriott gained control of Saga Corp. this fall in a tender offer worth $502 million. Saga, a foodservice and restaurant concern, helped make Marriott the No. 1 provider of foodservices in the nation. Shortly after, the company divested the Saga restaurants.

Saga's chairman and chief executive officer, Charles A. Lynch, resigned at the beginning of the summer. Saga's present management continues to run the unit but reports to Francis W. Cash, a Marriott exec vp at the company's Bethesda headquarters.

The sale of Marriott's dinner house and Mexican restaurant businesses for about $104 million was completed in 1985. The operations did not fit in with Marriott's long-term strategy of concentrating on fast food and family restaurant segments. The Essex House Hotel in New York also was divested for $170.5 million, along with three additional hotels.

Lodging, the largest line of Marriott's business in 1985, accounted for 45% of sales, up 16% from 1984, and 49% of operating income. In February, 1986, Marriott returned to network tv for the first time in almost 30 years with a three-week campaign touting weekend discounts via Lewis, Gilman & Keynett. Ad spending on hotels ran $2.4 million in 1985, down 22.6%.

The lodging business includes Marriott Hotels, Courtyard (a new moderate priced lodging operation), Resorts and Sun Line cruise ships and related business developments (lifecare and retirement communities). Marriott in September bowed out of direct ownership of Courtyard, although it will continue to operate the units under contract. The company created Marriott Limited Partnership by selling 1,150 units at $100,000 each, a sale substantially oversubscribed. The limited partnership covers the 50 Courtyards that are either open or slated to be open through 1987. Marriott has identified 125 sites for Courtyards and expects the number of hotels to grow to 300 by the early 1990s.

The largest operator of hotel rooms in the U.S., Marriott added more than 7,400 rooms in 1985. The company continued to broaden its product range with the expansion of Courtyard and groundbreaking for its first all-suite hotel.

In April, 1985, Marriott announced plans to operate 12 Marriott Suites by early 1988. Construction for the first Marriott Suites hotel, designed for business travelers seeking extra space and comfort, began in Atlanta in 1985. Marriott also expects 40 Courtyard hotels to open by early 1987 and more than 300 by the early 1990s.

Active, older people are the target for Marriott's Retirement Inns, which offer senior citizen apartments and healthcare facilities for an investment of up to $100,000 to enter the community.

The less visible operations of Marriott's airport operations and airline catering division represented 37% of the company's total sales, up 48% for 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,925	$2,551
Newsp. supps.	448	93
Bus. pubs.	99	14
Network tv	3,574	88
Spot tv	11,794	13,339
Network radio	0	893
Spot radio	2,853	4,873
Network cable	75	0
Outdoor	2,466	1,959
Total measured	23,233	23,809
Unmeasured	41,000	42,016
Total	64,233	65,825

MARRIOTT HOTELS & RESORTS
Marriott Drive
Washington, D.C. 20058
(301) 897-9000
Marketing Personnel
Todd Clist, exec vp-mktg
Roger Dow, vp-mktg
Advertising Agency
Lewis, Gilman & Kynett, Philadelphia—Joseph F. Barone, sr vp-group mgmt super; Elizabeth B. Simpson, acct exec
RESTAURANT OPERATIONS
Marketing Personnel
Butch Cash, exec vp
Lisa Krostue, vp-mktg, Roy Rogers Restaurants
Tom Kempton, vp-mktg; Greg Hanish, vp-operations, Big Boy Restaurant System
Don Rodis, vp-operations, Hot Shoppes Cafeterias
Advertising Agencies
Earle Palmer Brown Cos., Bethesda, Md.—Roy Rogers Restaurants—Allison Brown, sr acct exec; Sheryl Friedman, Claire McCarthy, acct execs; Dodie Subler, asst acct exec.—Big Boy Restaurants—Keith Tunnell, mgmt super; Andy Schacht, acct super; Dana Siller, acct super; Moira McNulty, asst acct exec
Wessling & Associates, Olney, Md.-Hot Shoppes-Jan Wessling, acct super; Nancy Collinson, media dir

RANK **186**

Jeffrey Martin Inc.

Union, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	66	59	12.0
Net income	4	6	(29.4)
U.S. advertising	37	40	(7.6)

Jeffrey Martin Inc., which is seeking a buyer for the company, began 1985 with an intense advertising blitz for its oral care and personal products, but by 1986 it had dropped all advertising for one brand and had four major brands unassigned to ad agencies.

Jeffrey Martin, known for revitalizing brands dropped by other marketers, hired its first ad agency of record—D'Arcy Masius Benton & Bowles—in February, 1985, for its Compoz, Ayds and Porcelana brands, billing an estimated $8.2 million.

Saatchi & Saatchi Compton was signed on as the second agency of record in September, 1985, for Topol smoker's tooth polish, for which Jeffrey Martin spent $10.1 million in measured media in 1985. Previous advertising had been handled by its in-house agency, Dunnan & Jeffrey, which still handles media buying.

The company, which says it spent $37.4 million on advertising and distribution in 1985, a 21.6% increase from the previous year, had a gain of 12% in sales but a 29% drop in net income for the fiscal year ended July 31, 1985.

In the first nine months of its 1986 fiscal year, sales have fallen 18.5%, to $40.6 million, and earnings have taken a dive from $3.9 million to a net loss of $234,000.

Most of the losses in the period were attributed to declines in sales of Topol tooth polish, affected by the large number of new product entries from major toothpaste marketers, and Ayds appetite suppressant, a nonfiber product in a market being stimulated by the fiber sector.

In early 1986, the company parted with DMB&B and in October the brands were still unassigned. Only Topol and Lavoris remain active accounts, both at Saatchi & Saatchi.

In June, 1986, the company contacted Morgan Stanley & Co. to seek a buyer for all or part of the company, but to date no buyer has been found.

Jeffrey Martin faced the sharpest competition in its oral care division, where its Topol tooth polish, despite a decline in sales during the year, eked out a 4% share of the dentrifice category. In that category, it is pitted against Procter & Gamble's Crest and Colgate-Palmolive's Colgate, as well as Carter-Wallace's Pearl Drops tooth polish. Jeffrey Martin's Lavoris, acquired in 1984 from Richardson-Vicks (now owned by P&G) where it received virtually no advertising support, was infused with $7.4 million in measured spending during the year, and dollar sales increased nearly 50% in 1985.

In February, 1985, the company successfully defended its copyright of the Topol name against Markland Laboratories, which was restrained by court order from marketing Topal Smoker's Shampoo Plus under that name.

Lavoris, bettling with market leaders P&G's Scope and Warner-Lambert's Listerine, carved out a 2.5% share in the $400 million mouthwash category. During the year, Jeffrey Martin rolled national with Topol smoker's mouthwash, which in August broke a campaign via Sudler & Hennessey Consumer Group. Although the company spent $2.5 million on Topol mouthwash in 1985, according to Leading National Advertisers, in 1986 it succumbed to competition and no longer is advertised.

The company established an oral care product group in December, 1985, naming Eugene Marotta, former marketing manager-oral hygiene at Lever Bros., New York, to vp-marketing for the group. In the personal care product sector, Patrick Dwyer was named vp-marketing, from vp-marketing and advertising. Sidney Lawrence senior vp-advertising and marketing with over-all responsibility for both product groups, left in 1986 and his post was discontinued.

Also, Charles Rhyne, former vp-Latin America for Beecham Group's Western Hemisphere international division, took the new post of vp-international operations and corporate development for the parent company.

In the personal products sector, the company acquired the Canadian trademark rights to Doan's Pills from G.T. Fulford & Co. Ltd., Toronto. A Food & Drug Administration policy on pain relievers that supported claims for over-all relief rather than for a specific body part, such as the back, was limited to product labeling and did not affect Doan's advertising strategy, which targeted back pain sufferers. The company spent $5.4 million in measured media for the brand during 1985.

The fate of Jeffrey Martin's Bantron, a smoking deterrent accounting for 2.2% of the company's domestic sales during 1985, is still undecided by the FDA, which is seeking proof of the efficacy of the product's active ingredient.

If the FDA rules against the product, Jeffrey Martin will be required to remove it from retail shelves by the second half of 1987. The company spent only $512,000 in measured media on Bantron, according to LNA.

New creative and media strategies, since abandoned in 1986, were designed for Compoz, Cuticura and Porcelana in 1985. Compoz and Porcelana, previously advertised only on radio, were backed by tv campaigns. Cuticura, experiencing sales declines during the year, was revitalized with a strategy positioning for skin that is part oily and part dry. Ayds, the diet suppressant, was backed with $4.8 million in measured spending, down 33%, and broke a campaign last spring.

Advertising strategy changes extended into media, where Gerald Baldwin was named vp-media, from director, in August. Jeffrey Martin increased its use of 15-second spots and is editing 30-second spots for use as 15s. The company stepped up its usage of network and spot tv, partially by spending $5 million less for network radio in 1985 than the previous year. The company also used print on a test basis for the first time during the year and considered increasing its media reach to target blacks and Hispanics.

Jeffrey Martin, in an active acquisition search for new brands, in January, 1986, bought the worldwide rights to Zizanie, a men's fragrance and skin treatment line owned by Parfumerie Fragonard, from Beecham Cosmetics, which will continue to produce the line for Jeffrey Martin.

Cost of sales during 1985, representing the cost of manufacturing the company's products, decreased as a percentage of net sales to 21.9% in 1985 from 22.2% in 1984.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Newsp. supps.	$1,325	$0
Network tv	22,700	21,518
Spot tv	6,788	5,484
Network radio	3,032	9,349
Network cable	493	828
Total measured	34,338	37,179
Unmeasured	3,000	3,248
Total	37,338	40,428

JEFFREY MARTIN INC.
410 Clermont Terrace
Union, N.J., 07083
(201) 687-4000
Corporate Personnel
Martin Himmel, chmn-president, board exec vp-vice chmn
Frank P. DiPrima, exec vp-coo
Marketing Personnel
Joe Appel, sr vp-sales
Patrick Dwyer, vp-mktg, personal care div
Eugene Marotta, vp-mktg, oral care div
Gerald Baldwin, media dir
Advertising Agency
Saatchi & Saatchi Compton—Topol smoker's tooth polish, Lavoris mouthwash—Vicki Tencati, vp-acct super; Tom Lom, exec vp-mgmt dir; Sally Marshall, acct exec.

RANK **185**

MasterCard International

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	73,300	62,600	17.1
U.S. advertising	39	39	0.3

MasterCard International, which experienced a growth of 10% in new cardholders in 1985, has been playing the corporate travel and entertainment market for new card opportunities in 1986.

The company, which is facing increased competition from third-party general purpose card issuers, also ditched the status-oriented ad theme, "So Worldly So Welcome," early this year for a more down to earth "Master the possibilities" theme that gets to the point on why consumers should select MasterCard-it's practical.

Measured media spending in 1985 fell 3% to $26.6 million, mainly as a result of a 38% drop in measured spot tv spending to $2.9 million for the "So Worldly" campaign. Measured network tv for the campaign fell 4% to $16.3 million in 1985. Another major spending category was MasterCard Travelers Cheques with $4.1 million in measured media, divided 55% network tv, 37% magazine, and 4% each for spot tv and newspaper supplement.

In a major repositioning from the glitz and frivolity of its previous theme, MasterCard are now using actress Angela Lansbury and actor Robert Duvall as no-nonsense spokespersons in explaining the benefits of the red and ochre card in terms of real value, individual responsibility, personal choice and new possibilities.

A new print campaign for the gold MasterCard features director John Huston, conductor Andre Previn and dancer Twyla Tharp. Print media for the gold card jumped 22% in 1985 to $2.6 million.

MasterCard's new campaign is an effort to gain market share in the hotly competitive bank card business from bank card rival San Francisco-based Visa USA and from third-party and general purpose charge cards such as Discover card by Sears, Roebuck & Co.

A key area is the lucrative business travel and entertainment market. MasterCard is giving banks access to this market with introduction of the MasterCard BusinessCard in 1986. Master-

Card reports that corporations spent $124 billion on employes' travel and lodging in 1984, with more than half being paid by check or cash, and 40% charged to personal cards, including about 7% to American Express. The BusinessCard would allow banks to forge new relationships with important corporate customers, in addition to helping them track and control employe spending.

There were 73 million MasterCard subscribers in the U.S. as of June 30, 1986, up 10% over the same date in 1985, compared with Visa's 97 million U.S. cardholders, also up 10%. American Express had 17 million U.S. subscribers at the close of 1985.

MasterCard's 16,000 member institutions in the U.S. had dollar volume of $51.1 billion in 1985, up 21% over 1984. MasterCard had 41% and Visa 59% of the $126.3 billion 1985 dollar volume spent on bank cards in the U.S. MasterCard's U.S. volume represented 68% of the $75.3 billion worldwide dollar volume it generated through 29,000 member financial institutions.

The 17,000 financial institutions authorizing Visa cards had U.S. dollar volume of $61.2 billion in 1985, up 23% for the year. That figure represented 70% of Visa's $108 billion in worldwide volume through 18,000 financial institutions in 1985.

American Express, which by far is the world's largest credit system, unlike Visa and MasterCard which are authorized by individual banks, handled U.S. card volume of $44.5 billion in 1985. American Express's worldwide dollar volume of $55.4 billion was up 16% over 1984.

Sears' Discover card, introduced late in 1985, by August, 1986, had 4.7 million cardholders.Sears has a base of 380,000 merchants accepting the card. However, analysts say Discover has a major problem in its limited access to automated teller machines (ATMs) and to bank processing systems.

For comparison, MasterCard has worldwide access to 112,000 cash advance locations and 13,400 MasterTeller ATMs. Visa has access to 200,000 banking offices in 160 countries and 11,000 ATMs in 16 countries.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,423	$3,548
Newsp. supps.	144	113
Bus. pubs.	117	0
Network tv	18,617	18,948
Spot tv	3,072	4,962
Spot radio	1,262	2
Network cable	398	386
Total measured	28,033	27,959
Unmeasured	11,200	11,170
Total	39,233	39,129

MASTERCARD INTERNATIONAL
88 Seventh Street
New York, N.Y. 10106
(212) 974-5700
Marketing Personnel
F. Alan Schultheis, sr vp-mktg & sales
Joanne Black, sr vp-adv
Susan Burke, vp-adv
Richard Holpp, vp-BusinessCard
Bonnie MacDonald, dir-travel voucher
Walter Rothchild, dir-gold card
James Shannahan, vp-consumer card prods
Suzanne Sentner, vp-planning & prod development
Advertising Agency
William Esty Co., New York—all adv for MasterCard and member services—Pierce Butler, sr vp-group & mgmt super; Kay Droppert, vp-acct super; Richard Driscoll, acct super; Gregory Maddock, Robert Holmen, acct execs; Jennifer Huggins, asst acct exec.

May Department Stores

RANK **141**

St. Louis

($ in millions)

Worldwide	1985	1984	% chg
Sales	5,060	4,614	10.1
Net income	235	214	9.8
U.S. advertising	59	41	45.2
Division sales	**1985**	**1984**	**% chg**
Dept. stores	3,327	3,171	4.9
Venture	1,004	882	13.8
Volume Shoe	697	543	28.4
Real estate	52	18	188.9

May Department Stores Co., which has been expanding rapidly its low-price Venture and Volume Shoe operations the past few years, got an infusion across the retail price spectrum Oct. 3, 1986, when shareholders approved the merger of Associated Dry Goods Corp. into May.

The merger, amounting to a $2.47 billion stock swap, combines two chains that both operate upscale department stores and discount stores. Associated offers a strong national franchise in its Lord & Taylor division as well as geographic strength in the northeast through its Caldor discount stores. This complements May's strengths in the rust belt with its Venture discount stores and with important department store divisions such as Washington-based Hecht's, Famous-Barr in St. Louis and Kaufmann's in Pittsburgh, and on the West Coast where it operates May Co. California, its biggest department store division.

Combined 1986 sales for the two retailers is expected to reach about $10 billion, which would push May ahead of Cincinnati-based Federated Department Stores Co. to become the fourth largest nonfood retailer in the nation. In the first six months of their current fiscal years, May reported earnings up 20.9% over the corresponding period in 1985 to $86.1 million on sales of $2.4 billion, up 11.1%. Associated had net earnings of only $8.4 million, down 64.9%, on net sales of $2.03 billion, up 5.8%.

Associated, which becomes a wholly owned subsidiary of May, will merge its New York corporate office into May's St. Louis headquarters over the next several months. Its New York buying office will be folded into May's New York facility, a May spokesman says. Associated chairman Joseph H. Johnson, who plans to retire at the end of 1986, will remain on May's board of directors. Associated president David Williams will not join May, nor will Joseph E. Brooks, chairman and chief executive of Associated's Lord & Taylor division. Mr. Brooks announced his resignation in mid-October saying he had expected for many years to become the ceo of Associated, but now there is no more Associated. He was replaced by Marshall Hilsberg, president and chief executive of G. Fox & Co., Hartford, a May unit.

May operates 145 department stores in 15 states, including May Co., Famous-Barr, Hecht's and Kaufmann's; 62 Venture discount stores, and 2,084 Volume Shoe stores, mostly under the Payless ShoeSource trade name. Associated operates 158 department stores in 20 states, including 45 Lord & Taylor, J.W. Robinson's and L.S. Ayres; 112 Caldor discount stores; 87 Loehmann's off-price stores, and 108 Sycamore specialty stores.

The acquisition and merger caps an aggressive period of internal growth in which May rapidly expanded the base of its Volume Shoe and Venture divisions. Volume Shoe is the nation's leading self-service discount shoe chain with stores in 39 states and the District of Columbia.

Volume Shoe and Payless ShoeSource accounted for 49% of May's $25.5 million in 1985 spending for seven media measured by Leading National Advertisers, compared with 40% of May's $21.2 million in 1984. May's measured total for 11 media was $31.5 million in 1985, up 45% over 1984 mainly on the strength of an additional $5.6 million in 1985 measured newspaper spending for all divisions.

May significantly boosted measured tv spending for the Volume Shoe division in 1985 to $3.9 million, up 40% from 1984, divided 90% network and 10% spot. Payless ShoeSource stores received $8.7 million in measured spot tv, up 50% from 1984. Venture received $3.5 million in spot tv in 1985, unchanged from 1984. The total represented 14% of May's spending for seven media.

Department store operations have become less critical to May's over-all performance since 1980 as the company has focused on more profitable discount operations, analysts say. In 1985, department store sales represented 65% of May's sales revenues; Venture, 20%; Volume Shoe, 14%, and real estate, 1%. In 1980, department stores claimed 74% of revenues; Venture, 17%; Volume Shoe, 8%, and real estate 1%.

Although the Associated acquisition will dilute May's earnings modestly in 1987, the combination produces a company as big as Federated, but growing twice as fast. It also gives May an opportunity to sharply increase its growth rate by providing important new franchises that are ready for expansion, according to a report by New York-based Donaldson, Lufkin & Jenrette.

The merger also will have significant operational advantages, analysts say. Consolidating buying and data processing operations alone could save the combined company $60 million a year, says Monroe H. Greenstein, senior analyst at Bear Stearns & Co., New York.

May long has been regarded as one of the best run major department store chains and one that frequently has been mentioned as a potential acquisition player or target. May's net earnings increased 10% in fiscal 1985 on an increase in net sales of 9.4%. A key measure of May's performance is its return on equity per common share of 18% in 1985 and 18.4% in 1984, both among the highest in retail.

In the current fiscal year, May's net income its first six months, ended Aug. 19, was $86.1 million, up 20.8% from the same period in 1985, on sales of $2.4 billion, up 11%. Associated's net income in its first half, ended Aug. 2, was $8.4 million, down from $23.9 million in 1985, on sales of $2.03 billion, up 5.7%.

Mr. Farrell, May chairman, told a shareholders meeting that the merger will not affect plans to add seven department stores, five discount stores and more than 330 discount shoe stores in 1986. In 1985, the company added three new department stores and five new Venture stores. Volume Shoe opened 205 new Payless ShoeSource stores in 1985 with emphasis on western, midwestern and southeastern locations. In the Northeast, 29 new stores were added.

May's 1985-89 expansion and remodeling plans call for 26 new department stores, 20 new Venture stores and 1,100 net new stores in the Volume Shoe division at a cost of $1.3 billion.

Ad spending for May's department store division was $8 million in 1985 for seven media, up 8% from the previous year. The biggest gainer was May Co. California, which is locked in a highly competitive market, receiving a measured $3.4 million, divided about 98% spot tv, 2% magazine, and a fraction for out-of-home. Measured spending for Famous-Barr fell 38%, to $1.2 million for spot tv.

Measured spending at Associated was up 55%, to $10.4 million, in 1985 for seven media, mostly on the strength of an additional $4 million in measured spot tv spending for the Caldor division. However, measured spending for the Robinson's division fell 16.7%, to $3.2 million, in 1985, divided 68% spot tv, 21% magazine and 11% out-of-home.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$165	$188
Newspaper	5,609	0
Network tv	3,513	2,619
Spot tv	21,851	18,383
Spot radio	187	403
Outdoor	26	6
Total measured	31,352	21,599
Unmeasured	28,000	19,290
Total	59,352	40,888

MAY DEPARTMENT STORES CO.
611 Olive St.
St. Louis, Mo. 63101
(314) 342-6300
MAY CO.
North Hollywood, Cal.
Marketing Personnel
Harry Wendland, sr vp-sales promo
Leonard Berliner, vp-adv
Advertising Agency
(In-house).
HECHT'S
Washington, D.C.
Marketing Personnel
Robert Friedman, exec vp-merch
Steven Wishnow, sr vp-sales promo
Joe Langert, div vp
Don DeFabio, sr vp-mktg
Advertising Agency
Green & Associates, Arlington, Va.—Judith Green, president.
FAMOUS-BARR CO.
St. Louis, Mo.
Marketing Personnel
Jo Lawley, sr vp-adv & sales promo
Michael Wolf, vp-adv dir
Advertising Agency
Stolz Advertising Co., St. Louis—Ellen Horn, acct super; Lori Berman, media buyer.
KAUFMANN'S
Philadelphia, Pa.
Marketing Personnel
Jerry Eccher, sr vp-sales promo
Mark Humphrey, dir vp-adv
Barbara Mihopulos, creative merch
Advertising Agency
(In-house)—LaRue Davis, broadcast dir.
MAY CO.
Cleveland, O.
Marketing Personnel
Stephen D. Thorpe, sr vp-sales promo
Penelope Burns, vp-dir adv
Beth Costa, dir special events
Advertising Agency
(In-house).
MAY D&F
Denver, Colo.
Marketing Personnel
Randall Barberis, sr vp-mktg
Gunda Kuga, adv dir
Advertising Agency
(In-house).
VENTURE STORES
St. Ann, Mo.
Marketing Personnel
Ann Armbruster, sr vp-mktg
Thomas Gent, vp-adv
James Cougill, div vp-sales promo
Advertising Agency
Grey Advertising, Chicago—Ed Holzer, chmn; Sally Stone, mgmt super; David Fairman, creative dir.
VOLUME SHOE CORP.
Topeka, Kan.
Marketing Personnel
Greg Jones, vp-adv & sales promo
Advertising Agencies
Foote Cone & Belding, Chicago—John Murphy, acct dir; Dan Zigulich, acct exec.
Siboney Advertising, New York—Luis Nasr, acct super.
G. FOX & CO.
Hartford, Conn.
Marketing Personnel
Bernard Sklar, sr vp-sales promo
John Mullen, div vp-dir adv & mktg
Advertising Agency
(In-house).
MEIER & FRANK
Portland, Ore.
Marketing Personnel
David Miller, sr vp-sales promo
John O'Malley, adv dir
Advertising Agency
(In-house) Northwest Advertising.
O'NEIL'S
Akron, O.
Marketing Personnel
Terry McDonald, sr vp-sales promo
Richard Pasi, vp-adv
Advertising Agency
(In-house).
MAY-COHENS
Jacksonville, Fla.
Marketing Personnel
Jan Ladnier, sr vp-sales promo
Advertising Agency
(In-house)—Dianne Cuckney, dir-adv.

MCI Communications

RANK **136**

Washington

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,540	1,960	29.6
Net income	206	175	17.7
U.S. advertising	61	59	3.7

Now that Washington-based MCI Communications Corp. is firmly established with consumers as the nation's No. 2 long-distance carrier, the company in 1986 again is taking on American Telephone & Telegraph Co. on a new battleground—the business market.

This is expected to be MCI's toughest challenge yet, one that is dramatically altering its advertising and marketing strategy.

MCI shifted nearly all of its corporate ad spending into network tv to promote business service when its contracts with Burt Lancaster and Joan Rivers, spokespersons for consumer long-distance services, ended May 30, 1986, says Gary Tobin, director of public communications.

MCI's measured spot tv spending for consumer advertising was $25.7 million in 1985, down 3% from 1984. The spending represented 62% of MCI's $41.4 million measured total for 11 media. The 11-media total was up 4% in 1985 as a result of a 110% increase in newspaper spending, to $7.8 million.

MCI also spent a measured $4.6 million in general long-distance promotion in 1985, down 21% from the year earlier.

MCI stressed low cost, convenience and quality of transmission as the Sept. 1, 1986, deadline approached for consumers to select a long-distance carrier. Some 50 million residential telephone customers had been asked to select a "Dial-1" equal access carrier under a federally mandated balloting process by that date. About 30% of the U.S. remains to be converted to equal access, analysts say.

MCI's market share in long-distance service grew to 6.6% in 1985 on revenues of $2.5 billion, up from 5.5% in 1984 when revenues were about $2 billion. AT&T's market share fell to 83% in 1985 on revenues of about $37.7 billion, down from 85% in 1984 on revenues of $35 billion, according to the "U.S. Telecommunications Market Report" issued by New York-based Northern Business Information. MCI estimates that it has an 9% market share over-all.

U.S. Sprint gained slightly in market share, reaching 3% in 1985 on revenues of $1.36 billion, up from 2.9% in 1984 on revenues of $1.2 billion.

The marketing position of the smaller long-distance carriers was radically strengthened by a June, 1985, FCC decision to strike down the advantage AT&T had in gaining equal access connections by default for consumers who expressed no preference. The FCC ruled that customers who fail to select a long-distance carrier would have one assigned for them at random. Previously, those failing to indicate a choice were assigned to AT&T.

With MCI's new focus in building commercial accounts, the company consolidated corporate advertising at New York-based D'Arcy Masius Benton & Bowles, which had been MCI's agency for business-oriented advertising since 1984. MCI business long lines received a measured $1.3 million in 1985 magazine spending, accounting for 3% of MCI's 11-media total. There was no measured spending for business long lines in 1984.

Until mid-1986, the bulk of MCI's agency spending resided at New York-based Ally & Gargano, which handled consumer long lines. MCI's account for MCI (electronic) Mail also was handled by Wells, Rich, Greene, New York. MCI Mail received $500,000 in measured media in 1985, down 83% from 1984. Neither agency now works on the MCI account.

MCI's revenues were up 30% in 1985 and net profits were up 91% for the year, prompting William G. McGowan, chairman and ceo, to comment in his annual report to stockholders, "1985 was a hell of a year!" Results for the first nine months of 1986, however, were not as impressive. Net income fell 48.5%, to $54.1 million, even though gross revenue increased 46.7%, to $2.67 billion.

The reason for MCI's declining profitability is that its costs of operation are rising to match those of AT&T, now that both are paying the same price for access to local telephone networks, analysts say, who note results also include a price cut on July 1. An MCI spokesman says network access costs represented about 34% of MCI's gross revenue in 1985.

MCI's reason for stepping up its pitch to the business community is clear: Businesses generate only about 40% of the call traffic, but account for 60% of the dollar volume of the $50 billion telecommunications industry, MCI's Mr. Tobin says. Businesses use long-distance service during the day-time at peak rate periods, which produces higher profits for the long-distance carrier and proportionally lower access charges than consumer accounts, he says.

MCI is making inroads in the business sector, but the effort ultimately will cut deeply into its profit margins, says Amy Francis, senior telecommunications analyst for The Yankee Group, Boston.

"They will have to dump a lot of money into marketing and advertising to lure away corporate customers from AT&T," she says. MCI's hotly competitive approach is reflected in its ad campaigns that show athletes competing in sports such as basketball, crew and cycling, drawing a parallel between competition between MCI and AT&T.

U.S. Sprint is taking a more conservative approach, stressing the quality of transmission of optic fibers.

But smaller carriers such as MCI and U.S. Sprint do have some advantages of flexibility over AT&T. Adds Ms. Francis, "You can't leverage AT&T, but you can really leverage these guys [to make deals] right now. They're so hungry for corporate accounts." In June 1986, MCI had slightly more than 850,000 commercial customers, up 40% from 1985, compared with 3.6 million residential customers, up 26%.

MCI has been developing a broad array of services and price promotions to meet the needs of business customers. An example is MCI Prism, a family of services tailored to business users that competes with AT&T WATS.

Prism customers are charged a flat per-mile rate based on the distance of a call, which removes two penalties of AT&T WATS pricing: higher charges for decreased line usage and overflow to more costly lines. MCI also offers MCI WATS with service to 45 countries. The company offers a Corporate Account service allowing multi-site companies to receive volume discounts for all locations. During 1985, MCI also introduced MCI Vnet, or virtual network service; MCI Private Line service, which features voice and data transmission service among 150 U.S. cities, among products and packages.

MCI also announced in September, 1986, that it soon will enter the growing market for toll-free 800-service, which until recently had been offered nationally only by AT&T. The long-distance unit of Western Union Corp., Upper Saddle River, N.J., has said it would provide a similar service, beginning in October, 1986. U.S. Sprint plans to enter the 800-service market early in 1987.

MCI's marketing position was strengthened by its purchase of Satellite Business Systems in February, 1986, from IBM in exchange for 47 million shares (16.6%) of MCI's common stock and an IBM option to buy up to 30%. The deal also gave MCI access to a line of $400 million in cash on demand from IBM in exchange for convertible securities. The acquisition of SBS gives MCI three domestic satellites.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,194	$2,519
Newspaper	7,782	3,705
Bus. pubs.	271	88
Spot tv	31,019	32,829
Spot radio	97	715
Outdoor	0	21
Total measured	41,363	39,878
Unmeasured	20,000	19,282
Total	61,363	59,159

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Marketing Personnel
Howard Crane, sr vp-corp affairs
Judy Ranzer, vp-adv
Don Lintvet, sr mgr-adv
Gary Tobin, dir-public comm
Advertising Agencies
D'Arcy Masius Benton & Bowles, New York—Gene Bartley, exec vp-group dir; Lamar LeMont, sr vp-acct dir; Nat Stein, vp-acct super; Ken Merz, acct super; Allen Bosworth, Rich Donohoe, acct execs; Anna Suessbrick, Ted McQuiston, acct assts.

RANK **159**

Mennen Co.

Morristown, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	225	150	50.0
U.S. advertising	51	47	8.6

Mennen Co., after five years of relatively few product debuts, made gutsy introductions in the deodorant, liquid detergent and skincare categories in 1985 and rolled national with a new roll-on deodorant in 1986.

To support new offerings and to maintain share in existing products, Mennen increased ad spending, particularly in network cable tv, network tv and spot radio. The use of network cable in 1985, for example, soared 183% from 1984, according to Leading National Advertisers.

Mennen also raised its unmeasured spending by using more couponing. The debut of Real smooth-on antiperspirant, for example, was supported with 47 million $1-off coupons and 3.5 million $2.50 rebates. Additionally, more than 100 million coupons will be distributed this year in support of Real.

During 1985, Mennen test marketed Real on the West Coast, where it snared as much as a 30% share. That impressive performance, coupled with the revolutionary, patented application of Real—a waterless roll-on—boosted retailers' welcome of the new line, which was unleashed nationally in May, 1986. Spending will be at the rate of $14 million, says a source close to the account. Campbell-Ewald handles. According to LNA figures, $43,300 was spent in 1985 to support the test of Real.

It is no surprise Mennen is putting its efforts into the $1.2 billion antiperspirant/deodorant arena; its share has more than doubled in that category since 1980, according to Diana Temple, an analyst with Salomon Brothers, New York.

Mennen's dollar share with Speed Stick and Real jumped from 5.8% in 1980 to 12.3% in 1985 and to 13.4% in the first quarter of 1986. The company believes that share will double again as Real hits its stride. Real, however, did not have an easy entry into the market. The product was kept in tests for two years, and the launch was postponed once because of packaging component supply problems. But despite initial enthusiasm, retailers say Real has been "slow out of the gates."

Regardless of Real's shaky debut, Mennen's burgeoning share has put it third in the deodorant race behind Procter & Gamble (Sure and Secret) with a 22.7% share and Gillette (Right Guard, Soft & Dri, Dry Idea and Body Flowers) with an 18.6% share. Bristol-Myers Co. (Ban, Ultra Ban and Tickle) has a 10% share and Shulton (Old Spice and Lady's Choice) a 10% share.

Marketers are not letting the healthy 11.8% sales gains in the category pass them by. New products are entering the market at a rapid pace, including P&G's new wide solid Secret, Gillette's new aerosol and solid form of Dry Idea and a shower-fresh scent for Soft & Dri. Retailers say they expect to see even more entries into the "wide" sector of the stick business. Stick forms are the fastest growing application with a 41.4% of sales. Roll-ons and aerosols continue to lose share, commanding 27.9% and 28.2%, respectively.

Mennen kept its brands competitive with a measured advertising budget behind Speed Stick of $19.5 million, a 4.8% increase from 1984.

While industry observers believe Mennen's greater charge into deodorants is smart, they are questioning other new items in test markets. Banking on its Baby Magic line, Mennen is trying a Baby Magic laundry detergent. Now in test in the upper Midwest, Baby Magic laundry detergent was supported in 1985 with $81,000 in measured spending. It would compete in the over-all $3.5 billion detergent business against other liquids targeted at the baby market such as P&G's Dreft (0.6% share) and Ivory Snow (1.2% share).

The entire Baby Magic line was allocated a budget of $2.8 million last year, up 30.8% from $2.14 million in 1984. Almost $1.7 million of that supported Baby Magic lotion.

Although Mennen's Hawk and Millionaire—two men's scents—were not very successful, Mennen has made another move into the men's market with the test of a men's hand and skincare lotion called Compete. Compete was supported with $108,400 in 1985 in tests in Texas, New Mexico and Arizona. According to Ms. Temple, Mennen is considering a national launch this fall. Campbell-Ewald handles.

Although mass retailers say the market for men's skincare is about ready to take off, no manufacturer has been able to crack it. P&G through its Richardson-Vicks subsidiary tried with only moderate success with Saxon, which has undergone three package changes. Mennen points to research showing the portion of men using hand and body lotions is 50%, up from 35% five years ago, and escalating.

Mennen has a decent showing in the men's area with Afta aftershave and Skin Bracer. Spending in 1985 was increased for both of these brands, which are touted primarily via tv. The budget for Afta aftershave was $4.3 million in 1985, up 16.2% from $3.7 million in 1984. Skin Bracer received $6.6 million last year, up 20% from $5.5 million in 1984. The company is expected to renew these lines and continue to put more money into revving up sales.

Afta is handled by McCann-Erickson and Skin Bracer by Campbell-Ewald. After juggling shops in 1984, with Grey Advertising the biggest loser, Mennen kept its business divided between McCann and Campbell-Ewald in 1985.

Although privately held Mennen once openly touted its new offerings, the company is now tight-lipped concerning its fiscal position and its new product plans.

Mennen also owns Paper Art Co., an Indianapolis-based paper products company. No measured spending was reported in 1985 for this division, which was acquired in 1984.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,561	$2,449
Newspaper	0	1
Bus. pubs.	0	198
Network tv	28,284	26,342
Spot tv	1,205	1,560
Spot radio	78	12
Network cable	1,724	609
Total measured	33,851	31,170
Unmeasured	17,000	15,654
Total	50,851	46,824

MENNEN CO.
Hanover Ave.
Morristown, N.J. 07960
(201) 631-9000
Marketing Personnel
John R. Huges, president, USA div
Dominic J. La Rosa, vp-mktg
William J. Mathewson, vp-new prods
Richard Zenko, vp-mktg services
Advertising Agencies
McCann-Erickson, New York—Speed Stick, Lady Speed Stick, antiperspirants and deodorants, Afta aftershave—Gunnar Wilmot, sr vp-group dir; Kim Corrigan, acct super; David Edelberg, acct super.
Campbell-Ewald, New York—Baby Magic line, Mennen Skin Bracer, Real deodorant, Compete—Jeff Tarakajian, sr vp-mgmt rep; Steve Rosenblum, vp-acct super.

RANK **184**

Merrill Lynch & Co.

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	7,117	6,038	17.9
Net income	224	95	135.2
U.S. advertising	40	15	174.8

Division sales	1985	1984	% chg
Commissions	1,573	1,217	29.3
Interest	2,590	2,452	5.6
Invest. Banking	720	582	23.7
Principal Trans.	882	561	57.2
Real estate	575	462	24.5
Asset mgmt./cust.	298	237	25.7

Merrill Lynch & Co. celebrated its 100th year in business in 1985 with strong financial results including a growth in revenues of 18% and accelerated earnings of 135% over 1984. The company took further steps in 1986 to concentrate on its core financial services operation by proposing to sell off its real estate group.

In the first half of 1986, Merrill Lynch's revenues were $4.5 billion, a 35% increase over the corresponding period in 1985. Income rose 44% in the half, to $178 million from $123 million in 1985.

The company's return on stockholders' equity recovered to 10.2% in 1985 from 5.0% in 1984; but the company believes that return is still unacceptable. Total assets in 1985 increased to $48 billion from $31 billion in 1984.

In 1985, income was not alone in its meteoric rise. (Income included a $140 million provision for income tax expenses compared with 1984's $25 million tax benefits). Merrill Lynch increased spending in the 11 media monitored in this issue to $22 million, up from $8 million in 1984.

Virtually the entire increase in measured advertising was credited to the Merrill Lynch stockbrokers category, which received ad backing of $17.7 million, up from $4.4 million in 1984. The only other category to receive a major increase in ad spending was general promotion, up to $1.4 million from $171,400 in 1984, according to Leading National Advertisers, which monitors seven of the 11 media tracked in this issue.

Some 87% of the stockbroker category spending was in network tv, boosting that medium from 48% of total measured spending in 1984, to 70% in 1985.

In 1985, magazines accounted for 13.1% of the total measured ad spend and spot tv, 10.8%.

The company moved its $40 million-plus account to Bozell, Jacobs, Kenyon & Eckhardt in March, 1986, from Young & Rubicam. On the day the switch was announced it also was announced that William Appelman, a major player in trying to retain Merrill Lynch's business at Y&R, also was moving to BJK&E.

In 1985, Y&R made some changes in Merrill Lynch's advertising, including retiring the famous bull that had graced its ads for 15 years.

This year's new agency appointment follows some key internal appointments at Merrill Lynch in 1985. Among those appointments, Daniel Tully was elected president and chief operating officer; John L. Steffens succeeded him as president of consumer markets, and Stephen Hammerman was elected exec vp and chief administrative officer while continuing as general counsel. Early this year, Michael von Clemm, former chairman of Credit Suisse First Boston, was named chairman of Merrill Lynch Capital Markets.

In 1985, Merrill Lynch established a new "mission statement," which called for the company to meet the needs of the savvy new investor and the global marketplace. But this September the company took a step back from being all things to all people when it announced it was selling several of its real estate operations.

The company plans to sell Merrill Lynch Realty Associates, a national network of residential brokerage offices; Merrill Lynch Relocation Management, and its residential mortgage banking business.

All its real estate divisions accounted for $575 million in revenue in 1985. Realty Associates handled $13.7 billion in home sales in 1985, a 16.2% increase from 1984.

The sale of the three units is expected to raise at least $500 million of new capital. In 1985, according to the Securities Industry Assn., Merrill Lynch led the pack of 15 major securities firms in capital position with $2.6 billion in funds.

In June, 1986, in another move to raise capital, Merrill Lynch's retail brokerage unit raised commissions an average 5% on stock and option trades of less than $10,000.

Small investors are handled by the company's consumer markets division. In 1985, the division's account execs were renamed financial consultants to better reflect the array of services the consultants offer.

Several new accounts were introduced by the consumer market division in 1985.

The Flexible Credit Account is a personal/business secured loan that allows for the collateralization of a wide range of assets. The Capital Builder Account was test marketed last year. Its target is the emerging investor and has lower minimum entry requirements than the company's popular Cash Management Account.

Merrill Lynch Hubbard, the real estate investment and equity financing subsidiary, raised $1.3 billion in real estate partnerships, a 30% increase over 1984.

Merrill Lynch's Business Financial Services unit, which provides financial services to corporations with sales of $1 million to $125 million, had a record year in 1985.

Revenues grew 30% over 1984, to about $400 million. In the fourth quarter, the Working Capital Management Account was introduced to further meet the financial needs of growing businesses.

Also late in 1985 the Direct Marketing Business Unit was formed, aimed at increasing the company's share of the corporate employe benefit market.

In 1985, Merrill Lynch's increasingly important capital market sector provided $114 billion in financing to corporate, institutional and government clients, more than any other securities firm in history.

The company's presence abroad continued to grow in 1985. In February, 1986, Merrill Lynch became the first foreign company to gain a seat on the Tokyo Stock Exchange. The company expects to become a full member of the Stock Exchange in London later this year.

The company's merger and acquisitions business grew, and a $400 million partnership was created for the purpose of investing in the equity portion of leveraged buyouts.

In 1985, Merrill Lynch acquired a 29.9% interest in Giles & Cresswell, a primary dealer in Gilts, or the U.K. equivalent of U.S. Treasuries. The company now has 100% ownership.

Last year the company also paid $4 million for a majority interest in Data-Cast, a financial videotex service that is jointly owned by the Financial News Network and Biotech Capital Corp.

To better meet its occupancy needs, Merrill Lynch expects to move its executive offices and capital markets operations to the World Financial Center by mid-1987.

In 1985 it moved its training, asset management and some other consumer market operations to a new corporate campus in Princeton, N.J., and some operations functions were moved to Somerset, N.J.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,962	$2,819
Newsp. supps.	73	127
Bus. pubs.	698	578
Network tv	15,402	3,898
Spot tv	2,437	173
Network radio	81	389
Spot radio	77	0
Network cable	325	0
Outdoor	58	62
Total measured	22,113	8,047
Unmeasured	18,000	6,550
Total	40,113	14,596

MERRILL LYNCH & CO.
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Marketing Personnel
Debbie L. Mandelker, vp-mktg comm, consumer mkts
Joan Moschello, vp adv, capital mkts
James W. Walsh Jr., vp-corp adv mgr
Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, New York—Harry Clark, group dir; Gerry Matthes, Gerry Sherman, Walter Guerino, mgmt supers; Susan Popper, Eileen Lynch, Lee Reynolds, Orlando Herrera, acct supers; Gary Weisenthal, Regina Resnick, Kevin Clark, John Quartararo, acct execs.

RANK

MGM/UA Entertainment 160

Culver City, Cal.

($ in millions)

Worldwide	1986	1984	% chg
Sales	655	707	(7.3)
Net income	(116)	35	(433.7)

U.S.	1985	1984	% chg
Sales	519	475	9.3
Advertising	51	57	(11.2)

MGM/UA Communications Co. started fiscal 1987 this Sept. 1 with a new name, a new home and what owner Kirk Kerkorian hopes will be new box-office fortunes.

Since 1982, the film company has had the worst box-office record of any major studio, and its dismal performances have carried into 1986. Of its latest batch of films—excluding "Rocky" sequels or James Bond pictures—only "Poltergeist II: The Other Side" and "Running Scared" proved to be modest hits with U.S. box office grosses of $39.6 million and $36 million, respectively. "Rocky IV" grossed more than $125 million after its November, 1985, release, but not even Rocky Balboa can carry an entire studio.

Films like "Wise Guys," "Ginger and Fred" and the recent "Shanghai Surprise" bombed this year, leaving MGM/UA's box-office market share for 1986, as of Sept. 1, at 6.2%. This ranks ninth behind Paramount, Warner Bros., Columbia, Universal, The Walt Disney Co., 20th Century-Fox, Orion Pictures Corp. and Tri-Star Pictures.

Even so, the company's financial outlook is bright thanks to Mr. Kerkorian's sale and repurchase of the studio from Ted Turner. While the same transactions left personnel on tenterhooks and stalled attempts to improve company performance for more than a year, as of Aug. 26, 1986, the deals were final and the new MGM/UA Communications Co. expects to move forward.

MGM/UA no longer has a production facility or a film lab—both were sold by Mr. Turner to Lorimar-Telepictures—but as new MGM/UA chairman and ceo Lee Rich said after his April appointment, "It's a young, aggressive, debt-free company with interests in all areas of the entertainment business and a library of approximately 950 films."

Before its sale, however, MGM/UA had problems. Its fourth-quarter fiscal 1985 losses totaled $49.5 million compared with a $2 million profit in 1984. MGM/UA then-chairman Frank Rothman discounted the losses, blaming them on payments of $32.5 million to settle a court case with Rainbow over cable tv rights to MGM films. But at the same time, total operating revenues for 1985 had dropped nearly $52 million, a 7.3% decrease from 1984, following a pattern of steady decline since Mr. Kerkorian merged MGM with UA in late 1981.

Despite the problems, Mr. Turner agreed to buy the ailing studio in August, 1985, for about $1.5 billion. As part of the complicated deal, Mr. Kerkorian agreed to buy back UA for $480 million. Then between mid-August and late November, 1985, MGM/UA's string of bombs continued. "Year of the Dragon," "Code Name Emerald," "Marie," "Fever Pitch," "Dream Lover" and "9½ Weeks" flopped. Cumulatively, the films cost $75 million to make, not including the $15 million spent on prints and advertising. Together the six films earned less than $5 million in rentals.

As a result of writedowns, MGM/UA reported a $26.9 million loss in its first quarter of fiscal 1986, which ended Nov. 30. This compared with a $1.6 million profit the previous year. The poor performance damaged Mr. Turner's attempts to raise the money to buy the studio. Then Mr. Kerkorian agreed to restructure the deal while the purchase price remained at $1.5 billion.

When the deal closed March 25, 1986, MGM became a subsidiary of Turner Broadcasting System, while Mr. Kerkorian, who owned 50.1% of MGM/UA, now owned 80% of the spun-off UA. In June, Mr. Turner sold everything except MGM's 3,600-film library, which includes old RKO Pictures and Warner Bros. movies. "The theatrical motion picture business is not really a sound financial business," he said at the time.

Mr. Kerkorian bought back MGM Entertainment Co.'s motion picture and tv production and distribution businesses and the Home Entertainment Group for $300 million. As part of the deal, MGM/UA will distribute up to three new TBS motion pictures a year, and it agreed to a 15-year home video distribution deal for the film library retained by TBS.

The restructured company under Mr. Rich will have two separate film production units—Metro-Goldwyn-Mayer Pictures under ceo Alan Ladd Jr. and United Artists Pictures under Anthony Thomopoulos. David Gerber will run the combined MGM/UA Television Group, while Richard Graff heads the MGM/UA Distribution Co. Both film production divisions will retain their own worldwide marketing entities. Gregory Morrison is president-marketing, MGM, while Andrew Fogelson is president-marketing, United Artists.

Despite the past years of turmoil, all are pushing forward. UA, which suspended production pending the studio sale, now has three films starting in October and another 26 projects at various stages of development.

In the future, both MGM and UA could make eight to 12 films each per year, nearly doubling the former MGM/UA Entertainment Co.'s output. When and if this happens, MGM/UA Communications Co. could double its annual ad spending.

In 1985, most MGM/UA films received between $1.5 million and $3 million in measured media. The lone exception was "Rocky IV" which received almost $5.5 million in measured backing.

The company reduced its network tv spending in 1985 by 34%, but nearly doubled spot tv buys and increased cable network advertising tenfold to more than $3 million. Most of the increased cable ad spending, however, can be attributed to MGM/UA Home Video, which spent $1.2 million on the medium.

Home video advertising nearly quadrupled to $1.67 million in 1985, compared with $450,000 in 1984. This year MGM/UA Home Video could double its ad spending again.

The Home Entertainment Group had been the only bright spot in 1985 with revenues of $203 million, a 25% increase over 1984's $162 million. Sales of "Gone with the Wind," which reached 300,000 units in 1985, paced the company's slate of 85 new video titles in fiscal 1985. Another 38 films were released on video during the first quarter of fiscal 1986.

Revenue generated from sales and rentals of videocassettes in 1986 include $6 million for the "Wizard of Oz," over $3 million each for "Motown 25—Today and Forever," "Frank Sinatra-Portrait," and "Singin in the Rain," and over $1 million each for "Death Wish," "Year of the Dragon," and "Youngblood."

The new MGM/UA also is expanding its efforts this year in domestic and international tv syndication to market and sell "Fame," the miniseries "George Washington: The Forging of a Nation" and the new prime-time series "Jack and Mike" for ABC while continuing to develop new tv properties.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$347	$252
Newspaper	1,801	260
Bus. pubs.	104	35
Network tv	15,072	22,765
Spot tv	6,115	3,629
Spot radio	219	2,791
Network cable	3,026	287
Outdoor	7	48
Total measured	26,692	30,066
Unmeasured	24,000	27,034
Total	50,692	57,100

MGM/UA COMMUNICATIONS CO.
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William Loper, vp-adv
Ed Pine, vp-publicity
UNITED ARTISTS PICTURES INC.
Marketing Personnel
Andrew M. Fogelson, president-worldwide mktg
Cirina Hampton, vp-publicity
MGM/UA DISTRIBUTION CO.
Marketing Personnel
Paula Kelley, sr vp-media/co-op adv
Perry Katz, vp-mkt rsch
MGM/UA COMMUNICATIONS CO. MARKETING SERVICES DIV.
Marketing Personnel
Budd Filippo, sr vp-mktg admin
Ted Hatfield, vp-field operations
Advertising Agency

Wells, Rich, Greene, Los Angeles—Larry Olshan, president-entertainment; Lisa Courtney, media dir; Reggie Morrison, vp-mgmt super (New York); Kristy Fredenfeld, media planner.

RANK

Minolta Co. 146

Ramsey, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,020	891	14.5
Net income	28	18	56.7
U.S. advertising	57	34	69.1

Division sales	1985	1984	% chg
Cameras	437	403	8.4
Bus. machines	565	472	19.7
Other	18	16	12.5

Minolta Corp. performed both a technological and a marketing feat in 1985 when it breathed new life into the 35mm single lens reflex (SLR) camera market with the introduction of its Maxxum 7000 series, which bridged the gap between user-friendly lens-shutter cameras and the more complex SLR at a popular price of $500 retail.

The Maxxum line unveiled by Minolta in January, 1985, as the world's first body-integrated, auto-focus 35mm SLR camera, also stimulated ad spending at Minolta by drawing an estimated $15 million to $20 million advertising and promotion campaign, bearing the theme "Only the human eye can focus faster."

During the year, Minolta also rushed into the growing electronic imaging market with the introduction of three video cameras and burrowed further into the business machine market with new product introductions, reflecting its goal to continue to broaden its business activities, while stressing identification with its name and symbol.

The Osaka, Japan-based parent company derived 80% of its business from markets outside Japan in 1985. Besides promoting a full line of cameras and equipment, the company markets copiers, printers and microfilm equipment and plans to expand its presence in photometry, medical equipment and planetariums.

North America accounts for more than half of the sales in each of Minolta's two product divisions—cameras and accessories, and business machines. North America is Minolta's fastest growing market, with sales up 12.2% over last year, and accounts for 57.5% of Minolta's camera sales.

Minolta has been at the forefront of market innovation the past few years, launching new products including the Freedom line of compact cameras and the new AF-Tele into the fast-growing, lens-shutter camera market.

However, the focus of Minolta's most ambitious and bold camera efforts was aimed at the slower growing, but larger profit-generating 35mm SLRs, including its popular X-700. Even though the Japanese shipped nearly 3 million rangefinder cameras to the U.S. in 1985, compared with 2 million SLRs, the SLRs generate more profit because of their higher price tags, according to Eugene G. Glazer, photomarketing analyst with Dean Witter Reynolds.

Analysts say the Maxxum has given to the SLR market the same boost Canon gave to the lens-shutter market with its AE1 model. Minolta, for example, hopes to boost the 35mm SLR portion of its camera sales to 60% with its Maxxum. Part of this will come through new line extensions. In April, 1986, a standard Maxxum, the 5000, was added to the line, which also includes the Maxxum 9000, a professional model. The company hopes to market more interchangeable lenses for the multifaceted unit, which can take pictures in total darkness with a flash attachment.

In terms of over-all camera sales to the U.S. market in 1985, Canon leads, as it did in 1984, while Minolta is second, also repeating its rank in 1984 share of market, followed by Nikon (Nippon Kogahi), according to Richard Ozaroff, senior international analyst at Value Line, New York.

However, some analysts believe Maxxum could help Minolta wrest the crown from Canon this year. The Minolta Maxxum already has become the best selling camera in the U.S., accounting for about 10% of all U.S. SLR dollar sales. Minolta, with its various products, has taken the top share of the SLR market with more than 30% of dollar sales compared with Canon's 28%, according to a trade industry observer.

Despite the success of the Maxxum, Minolta has not neglected the lens-shutter market. Though Canon continues to lead in that category with a 33% to 34% share in dollar sales last year, Minolta is second with a 15% share, a trade industry monitor says.

In August, 1985, the company introduced the Minolta A-Tele, a 35mm lens-shutter camera equipped with standard telephoto lens selection. By depressing a lever that activates the motorized lens drive, the operator can shift automatically from standard to telephoto lens settings and back.

In April, 1986, Minolta augmented its Freedom line of lens-shutter cameras with the Freedom III ($256 retail), an automatic-focus, 35mm compact with one option, a telephoto-wide angle lens attachment. The 1986 budget for both the new Maxxum and the Freedom III is expected to total $5 million.

Not all of Minolta's recent introductions have met with success. In June, 1983, Minolta unveiled its AF-SV lens-shutter camera, known as "the Talker" because it featured synthesized verbal reminders. Advertising in 1984 totaled nearly $3 million, which dropped to $137,000 in 1985. The company says the Talker eventually will be phased out.

As electronic imaging encroaches on the photographic market, Minolta has ventured into the video market. This past year, the company introduced three new video cameras, a camcorder and three models of videocassette recorders. According to Mr. Glazer at Dean Witter Reynolds, 500,000 video cameras were sold to retailers in 1985. That number is expected to more than double by the end of this year. Minolta, not wanting to be left behind in this increasingly mass-market segment, entered the video market in August, 1984, with the K-500 S. A year later, it introduced an autofocus version, the K-510 S AF, and the CR-1000S, AF camcorder.

With its built-in network of distributors via its camera dealers, Minolta is trying to make inroads into a market dominated heavily by Sony and Matsushita. Minolta's first year on the market gave it a 0.1% share, placing it No. 39. RCA led the market with a 13.75% share of vcr dollar sales in 1985. Panasonic by Matsushita was No. 2 with 12.05%, Fisher was No. 3 with 7.65% and Sony with a 4.75% share was sixth, according to *Video Week*, a publication of *TV Digest* in Washington.

Minolta spent $16.4 million on cameras and accessories in measured media in 1985, up from $8.5 million in 1984 and nearly twice the $8.7 million it spent promoting its business equipment products in 1985, a figure up 34% over the previous year.

As in cameras, North America was the largest business machine market for Minolta, accounting for 56.5% of its overseas business machine sales. The North American sales total of $272.7 million represented an increase of 31.3% over 1984.

Business machine sales at Minolta were led by the company's newly completed lineup of zoom plain paper copiers, which target the small and medium-capacity market. Minolta credits itself with having invented the automatic zoom copier. In December, 1985, the company launched its first personal copier, the EP50. Total copier advertising amounted to $5.7 million during the year, down 13% from 1984. Ads featured actor Tony Randall in a campaign from Bozell, Jacobs, Kenyon & Eckhardt.

A $3 million ad campaign backed Minolta's introduction of its PCW 1 word processor into the U.S. market in July, 1985. The multifunction work station features word processing, electronic typing and personal computing through an exclusive visual-sequence software system.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,921	$3,917
Newspaper	335	159
Newsp. supps.	156	0
Bus. pubs.	1,002	673
Network tv	15,538	7,983
Spot tv	3,229	2,944
Network cable	471	0
Outdoor	82	130
Total measured	26,734	15,805
Unmeasured	30,000	17,736
Total	56,734	33,541

MINOLTA CORP.
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PHOTOGRAPHIC DIVISION
Corporate Personnel
Sam Kusumoto, president
Kaz Umeda, vp
Marketing Personnel
James D. deMertier, dir-mktg
Thomas E. Wardrop, natl adv mgr
Advertising Agency

William Esty Co., New York—SLR cameras, lens shutter cameras, video cameras, videocassette players/recorders, light meters, binoculars—Hank Greer, sr vp-acct dir; Philip G. Schwetz, sr vp-mgmt super; Salvatore Colombo, sr acct exec; Mark McDermott, acct exec.

BUSINESS EQUIPMENT DIVISION
Corporate Personnel
Sam Kusumoto, president
Al Kusada, vp
Marketing Personnel
John Vacca, dir-adv & pr
Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, New York—business equipment—Al Shapiro, sr vp-acct group dir; Laurene Freehil, sr acct exec; David Scofield, acct exec; Bob Feinberg, creative dir. Micrographics—Jerry Matthes, vp-mgmt rep; Ted Healy, acct super; John Lombardo, asst acct exec; Sandy Evans, creative dir.

RANK

Mitsubishi Corp. 194

Tokyo

($ in millions)

Worldwide	1986	1985	% chg
Sales	11,769	11,945	(1.5)
Net income	13.6	13.5	0.7
U.S. advertising	34	28	18.8

New products and joint ventures aimed at beating the quota system on Japanese cars may be the combination that propels Mitsubishi Motor Sales of America into serious contention as a large volume importer in the U.S. market by 1990.

That's part of the five-year forecast by Mitsubishi, whose plans call for U.S. sales of 250,000 to 300,000 vehicles annually by 1990, up from 76,000 in 1985. A steady outpouring of innovative products will spark consumer demand, the company predicts. An example is the minivan Mitsubishi will introduce later this year to compete with Toyota.

Plans for 1990 also call for doubling the ad budget, estimated at $37 million last year; tripling the number of dealers from the present 106, and nearly quadrupling the number of markets from the present 35 on the East, West and Gulf coasts to 125 in major markets across the country.

Expansion plans for the next decade appear well within reach of Mitsubishi Motor Sales of America, the U.S. sales arm of Mitsubishi Motors Corp., a wholly owned subsidiary of Mitsubishi Corp., both of Tokyo. Principal shareholders in MMC include Mitsubishi Heavy Industries Ltd. (65%), Chrysler Corp. (25%) and Mitsubishi Corp. (10%).

MMSA began marketing products under the Mitsubishi name in the U.S. in the fall of 1982. For 1983, the company sold 42,072 cars and trucks, the most vehicles ever sold by any importer during its first full year of operation in the U.S., a figure that will be eclipsed this year by Hyundai Motor Corp., the South Korean budget car. The product lineup included three cars (Starion, Cordia and Tredia) and two-wheel-drive and four-wheel-drive trucks. The Mitsubishi Montero four-wheel-drive sport/utility vehicle was introduced as a 1983½ model.

Calendar 1984 saw sales of 56,717 cars and trucks, up 35% over the previous year. The 1985 total stood at 76,473 units—49,734 cars and 26,739 trucks—a 35% increase over year-earlier figures.

In 1985, Mitsubishi sold 13,066 entry-level Mirage models, with prices starting at $5,869 for the two-door. Ad backing was $2.3 million, according to LNA. This vehicle was followed in popularity by the Galant, a four-door luxury sedan with prices starting at $13,899, which sold 12,766 units and received $1.5 million in ad spending; $7,749 four-door Tredia, 10,902 units, and recipient of about $900,000 in ad spending; the little advertised Cordia, a two-door sport hatchback priced at $9,319, 8,159 units; and Starion, LE turbo coupe priced at $15,209, 4,841 units, which received $2.4 million in ad backing, according to LNA.

The total represents a 1.7% share of imported cars in the U.S., far below the 23.4% share held by Toyota and Nissan's 21.3%. Mitsubishi ranks seventh among Japanese auto importers and sixth in trucks in the U.S.

But for 1986, MMSA expects to sell nearly 100,000 cars and trucks, projecting sales of 57,000 cars, 32,000 trucks and 7,000 Monteros. The company projects sales of between 140,000 and 150,000 units in 1987, and all signs point to a company on the move.

Compact trucks, a category not restricted by voluntary import quotas, accounted for about 40%, or $7.63 million, of the company's measured media spending for 1985, the most for any Mitsubishi product. The biggest portion of that expenditure, according to Leading National Advertisers, went into spot tv. Spot tv for all brands represented about 53% of the company's measured media figures for 1985. Other major shares went to newspapers, 20%; magazines, 17.7%, and business publications, 7.1%. Smaller portions were spent on cable tv, $128,000, and spot radio, $213,000.

Much of the estimated $10 million in unmeasured media spending was devoted to a cooperative ad program for dealers. The percentage of the ongoing co-op effort shared by MMSA depends on the emphasis needed for a promotion. Normally the company covers about 30%, although its involvment can go as high as 50% if greater than normal sales incentives are required.

MMSA's plans for expansion, circumventing voluntary import restrictions on cars and gaining a larger share of the market, hinge on reliable production sources of new vehicles. These include Diamond-Star Motors Corp., the joint venture between MMC and Chrysler Corp., and an agreement with Hyundai to provide MMSA with an entry-level car to sell in the U.S. in 1987.

Diamond-Star will produce up to 240,000 cars a year at the Chrysler-Mitsubishi plant in Bloomington-Normal, Ill., and the two companies will share equally in the output. Chrysler has sold Mitsubishi vehicles under Dodge and Plymouth nameplates since 1970. MMSA also expects to import about 30,000 cars built in South Korea by Hyundai Motors Corp. for the 1987 model year. These entry-level cars will be competitively priced with Hyundai's own Excel models and will not be affected by quotas, allowing MMSA to import more higher-priced cars from Japan.

Introduction of the entry-level Mirage subcompact and the midsize luxury Galant helped MMSA broaden its coverage for the 1985 model year. The new entries supplemented a line that had been made up of the compact Tredia, sports specialty Cordia, the luxury sports Starion, plus the Montero compact sports utility and the two-wheel-drive and four-wheel-drive truck categories.

For the 1986 model year, the entire line underwent refinements, most of them exemplified by such top-of-the-line models as the luxury Galant sedan, the econo-sports Mirage Turbo and the intercooled Starion ESI-R, the last introduced late in calendar 1985.

These new offerings in the 1986 line reflected Mitsubishi's decision to pursue the midvolume, upscale market, an area in which MMSA believed it could compete successfully without running head-on into Toyota and Nissan in the large-volume end of the U.S. market at the outset.

Accordingly, Mitsubishi adopted a life-style theme in its opening campaign for the '86 line, an approach that was used for the midyear introduction of the Starion ESI Turbo, the third and fastest model in the sporty car models. The theme also encompassed pickup truck advertising at midyear, a sign that perhaps MMSA had come to see its compact truck market, once driven by rural and commercial users, merging with the passenger car market.

Produced by Cunningham & Walsh, Los Angeles, the campaign positioned the new Mighty Max Sport compact pickup as the perfect companion for a free-and-easy life style, rather than a tough tool for the ranch. Dashboard and passenger compartment styling of the truck resemble passenger car interiors, a departure from the spartan decor of many earlier compact pickup trucks.

Print and tv ads presented the Mighty Max Sport on the beach. One tv spot featured a young surfer-type male showing off his truck to an admiring young woman, ending with the $6,199 price flashed on the screen.

For the Starion ESI Turbo, Mitsubishi's fastest car, the message was high performance. The car was the centerpiece of ads themed "Proof that man was meant to fly."

A six-month campaign for MMSA's high-performance Starion ESI-R broke in car enthusiast magazines in December. It was expanded to tv and general interest publications in January.

With a full auto and truck line in place for the first time since it entered the U.S. market in 1982, MMSA continued the life-style campaign with the introduction of other models in the 1986 line in October. Product shots of a year earlier were replaced by life-style vignettes when the company introduced its top-of-the-line Galant and the subcompact Mirage. The last to be created by C&W, the campaign was backed by an estimated $8 million in fourth-quarter spending and began airing in early October.

MMSA went into the 1987 model year, its fifth in the U.S., with an all-new campaign from a new agency, Grey Advertising, Los Angeles, spearheading its aggressive new five-year marketing plan.

Supporting a new lineup of two-wheel-drive trucks, a new five-speed manual transmission version of the Galant and a four-door Mirage, the current effort aims at creating a national image of "patient craftsmanship."

That campaign is set to the theme of "Mitsubishi: Perfecting the experience," with spots designed to position the company as one that takes pains to perfect the technology used in making the product.

Last year's life-style approach has been abandoned in favor of promoting "the driving experience," with the use of car action shots to illustrate such experiences as the acceleration of a high-performance Starion.

One of six new spots is in behalf of Mitsubishi's line of newly designed trucks, a market segment that once again is accounting for nearly 40% of the company's fourth-quarter budget. MMSA corporate headquarters in Fountain Valley, Cal., a Los Angeles suburb, will be moved to Cypress, Cal., a few miles away, by late 1986 or early next year.

A technical training, service engineering center, parts distribution center and western regional offices already are located at the Cypress complex as are an MMC emissions testing laboratory and design studio.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,712	$4,491
Newspaper	5,362	3,217
Bus. pubs.	1,972	1,333
Spot tv	14,210	13,344
Spot radio	213	0
Network cable	129	0
Total measured	26,597	22,385
Unmeasured	7,000	5,892
Total	33,597	28,277

MITSUBISHI MOTOR SALES
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Frances Oda, adv mgr

Advertising Agency

Grey Advertising, Los Angeles—Bruce McRitchie, sr vp-genl mgr; John Miley, vp-group mgmt super.

The big guy and the little guy

The battle of David and Goliath, at least on paper, took place this year between Safeway Stores, the Goliath with $19 billion in sales, and the David, Dart Group, a small Landover, Md., company with $97.8 million in sales. Dart collected 5.9% of Safeway shares before Safeway ultimately was consumed by Kohlberg Kravis Roberts & Co. Dart, controlled by the families of Herbert H. Haft and Robert Haft, also owns Trak Auto Corp., Dart Financial and Crown Books Corp.

National Distillers & Chemical Corp.

RANK **177**

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	2,289	2,245	2.0
Net income	77	51	50.2
U.S.	**1985**	**1984**	**% chg**
Sales	2,197	2,163	1.6
Advertising	43	47	(8.5)
Division sales	**1985**	**1984**	**% chg**
Petro. chem.	730	775	(5.8)
Other chem.	308	306	0.7
Energy	572	516	10.9
Spirits, wine	680	649	4.8

National Distillers & Chemical Corp., marketer of Almaden wines and De Kuypers liqueurs among other leading wines and distilled spirts, left no doubt about the direction of the company when it agreed to buy a chemical company and sell off its Spirits & Wine division this October.

Its intention to concentrate on the chemical and energy industry quickly took root with the acquisition of Enron Chemical Corp. for $575 million. The move will make National Distillers the No. 1 producer of polyethylene resins in the U.S.—a key ingredient of plastic wraps and trash bags. The company had purchased propane gas operations over the past three years to become the No. 1 marketer of that commodity.

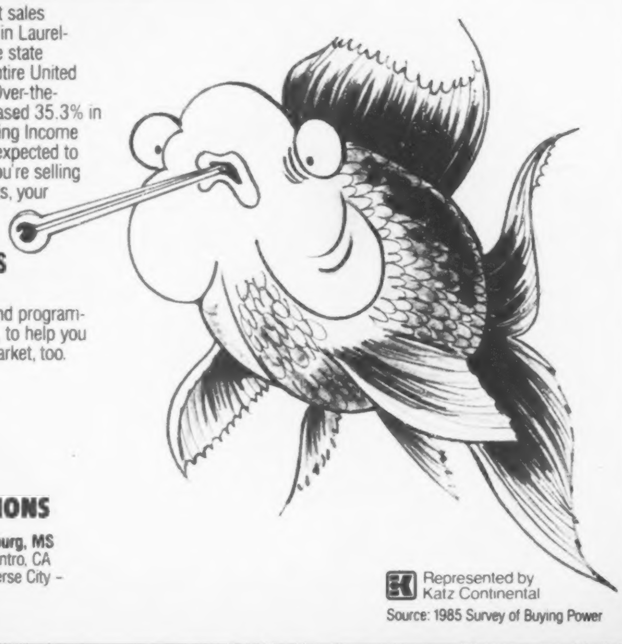
A buyer has yet to be publicly named for the Spirits and Wines division, although Schenley Imports Co. and Heublein have been mentioned as candidates. The division—consisting of National Distillers Products Co. and Almaden Vineyards—was the No. 3 distiller in the U.S. in 1985 with total case depletions of 13.6 million, behind Jos. E. Seagrams & Sons and Heublein Inc., a division of RJR Nabisco. It accounted for 7.6% of the American spirits market. Analysts estimate that the business will sell for $400-$500 million.

The Spirits & Wines division contributed 30% of the company's revenues and 22% of its operating profit in 1985 with its sales of $680 million on operating profit of $42.6 million. The business has been described as slow growth but highly profitable—sales were up 4.8% and operating profit grew 54.2% in 1985 from 1984.

In the first six months of 1986, Spirits & Wines contributed $333.7 million in sales, up 8.5% over the corresponding period a year earlier, and $122.3 million in operating profit, up 34%. Sales of the division represented 29% of total company sales for the six-month period of $1.16 billion, up 7.4%. Companywide net income for the period was $32.2 million, up 30.4%.

Measured advertising spending, which dropped 8.3% from 1984, is concentrated mostly in magazines (46% of total ad spending) and outdoor (19%) network tv (17%) and net radio (11%). Spot tv was the big year-to-year loser in the media spending, dropping from $1.7 million in 84 to $339,000 in 1985.

National Distillers' biggest growth category has been its DeKuyper cordials line, which has not been its biggest ad category with $1.8 million in spending in 1985, up 50% over 1984. But that category is expected to receive



WHY BE A LITTLE FISH IN A BIG POND?

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Over-the-counter drug product sales per household are on the rise in Laurel-Hattiesburg, outperforming the state by 13%, region by 13% and entire United States by 5% in 1984 alone. Over-the-counter drug sales have increased 35.3% in five short years. Effective Buying Income has increased 70.2%, and is expected to reach 77.5% by 1989. So if you're selling over-the-counter drug products, your sales will be a lot healthier in Laurel-Hattiesburg.

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BEAM COMMUNICATIONS

WDAM-TV, NBC, Laurel-Hattiesburg, MS
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WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Represented by Katz Continental

Source: 1985 Survey of Buying Power

WDAM-TV NBC
LAUREL-HATTIESBURG, MISSISSIPPI

LAUREL-HATTIESBURG, MISSISSIPPI

$5 million through 1986.

Case depletion for the DeKuyper line increased 94% from 1984, breaking all sales records for any cordial line in the industry. The success was largely because of DeKuyper Peachtree schnapps, which established a new record as the fastest growing new liquor product with 2.3 million case depletions in 1985.

National Distillers currently has more than a 70% share of the schnapps market with Peachtree alone having more than 50%.

The DeKuyper line consists of Peachtree, Apple Barrel, Mountain Strawberry, Peppermint, Old Tavern Rootbeer, and newly introduced Original Harvest Pear. The line has grown from the 21st best-selling brand in 1984 to the 9th best-selling brand last year. The company attributes increased the growth of sales to an increasing demand for lighter and sweeter tasting drinks. With a 30% increase among consumers of fruit juices, it follows that fruit flavored alcoholic drinks are also becoming more popular.

National Distillers has six other brands besides DeKuyper cordials in the top 50 distilled spirits brands in the country, according to market rankings by John C. Maxwell Jr., analyst at Furman Selz Dietz & Birney, New York. At the top of the company list is Windsor Canadian Supreme moving down from 6th to 7th place with a case depletion of 3.8 million-virtually the same as last year.

Windsor Supreme was bumped out by the fast growing Popov whiskey, distributed by Heublein. Ad spending for Windsor Supreme was down 91% to $3.3 million.

Gilbey's gin dropped another notch this year to No. 14 resulting from a 5% drop in case depletions. Gilbey's was supported with $4.5 million, down 6% from 1984. Kamchatka vodka, No. 15 with a 1.8% increase in case depletion, rose one notch, with ad support of $338,000, up 6%.

Old Grand Dad bourbon fell four ranks to No. 33 after a decfease in case sales of 2.1% and Old Crow dropped four places to No. 36 with a decline in case sales of 8%. Old Grand Dad advertising dropped 15% to $3.4 million, and Old Crow, another bourbon, received no measured spending.

National Distillers placed seventh among the country's leading wine companies with 10.9 million case depletions giving it a 4.4% share of market. Almaden ranked fifth among leading wines, down from No. 3 in 1984, with case depletions down 1.1% to 9.1 million. Ad spending for Almaden wines decreased 13.6% in 1985 to $7.6 million.

Sauza tequila's ad support was up 89% in 1985 to $1.1 million, as sales for the tequila rose 30%, according to National Distillers, which has begun to emphasize marketing of Sauza because of the growing consumption of tequila in the U.S. generally among the more young and affluent. Advertising, appearing in national magazines, is an attempt to change the brand's image from macho to more sophisticated and chic. The company claims that with the introduction of Sauza Grio, a variety of Sauza, the brand is now a close third to No. 1 Cuervo (Heublein) and No. 2 Montezuma (Barton Brands).

In the corporate structure, Drummond C. Bell, chairman and chief executive officer, National Distillers & Chemical Corp., retired in April, 1986. He was replaced by John Hoyt Stookey, formerly president. Mr. Bell will continue as a director and as chairman of the board's executive committee.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$12,217	$12,210
Newspaper	1,293	1,224
Bus. pubs.	0	10
Network tv	4,571	4,868
Spot tv	339	1,743
Network radio	2,780	3,184
Spot radio	62	0
Network cable	0	11
Outdoor	5,211	5,670
Total measured	26,471	28,919
Unmeasured	17,000	18,572
Total	43,471	47,491

NATIONAL DISTILLERS & CHEMICAL CORP.
99 Park Ave.
New York, N.Y. 10016
(212) 949-5000

Corporate Personnel
John H. Stookey, chmn
Richard Tilghman, vp-corp relations

NATIONAL DISTILLERS PRODUCT CO.
New York

Corporate Personnel
John D. Lethbridge, vp-genl mgr, spirits & wine

Marketing Personnel
Ronald F. Van Vactor, vp-genl mgr
Todd S. Middleton, vp-mktg
Emil A. Pavone, vp-pr
Robert L. Hampton, vp-production
Clarence E. Sellers, vp-natl sales mgr
Victor L. Fioravante, vp-direct merch-sales promo

Advertising Agencies

BBDO, New York—Old Grand Dad bourbon, Gilbey's line, Old Taylor, Old Crow, DeKuyper cordials & liqueurs, CocoRibe coconut liqueur, Kamchatka vodka, Bellows line—Jonathan Firestone, vp-mgmt super; Christian Tragos, acct super; Frank Butitta, acct exec.

Laurence Charles Free & Lawson, New York—Windsor Canadian, Canada House, Keller Geister German wine, Vat 69 scotch, King George IV scotch, Talisker scotch—Robin Kobal, sr vp; Russ Napolitano, acct exec. Sauza Tequila—Susan Holson, acct super; Dare Coslow, acct exec.

USI CHEMICALS
Cincinnati

Marketing Personnel
William F. McDonald, genl mgr
Timothy H. Smith, vp-mktg
R.E. Cuttforth, adv-publicity mgr-chemicals
J.W. Schmid, dir comm

EMERY CHEMICALS
Cincinnati

Marketing Personnel
Robert Betz, vp-genl mgr
Robert P. Danes, vp-mktg

Advertising Agencies

(In-house) Chemical Communication Group, Cincinnati, O.—USI Chemicals, Emery Chemicals—J.W. Schmid, dir.

Poppe Tyson, New York—Jerry Miknich, vp.

SUBURBAN PROPANE GAS CORP.
Morristown, N.J.

Corporate Personnel
Mark J. Anton, chmn-president

Marketing Personnel
Neil Carey, vp-mktg & material supply services

ALMADEN VINEYARDS
San Jose, Cal.

Corporate Personnel
John D. Lethbridge, vp-genl mgr, spirits & wines
Ronald J. Siletto, genl mgr

Marketing Personnel
Richard L. Carretta, vp-genl sales mgr
Robert G. Mutschler, dir-mktg

Advertising Agency
Ciociola & Co., New York—Mel Ciociola, chmn-exec creative dir.

North American Philips Corp.

RANK **113**

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	4,395	4,326	1.6
Net income	82	131	(37.5)
U.S. advertising	69	63	9.2
Division sales	**1985**	**1984**	**% chg**
Consumer elec.	1,254	1,241	1.0
Consumer prods.	907	904	0.3
Other prods.	209	229	(8.7)
Electronic cos.	824	906	(9.1)
Prof. equip.	1,202	1,047	14.8

Fierce price competition from tv sets and videocassette recorders from the Far East hurt profit margins for North American Philips' consumer electronics lines in 1985. Although sales grew slightly in the year, the softening U.S. economy and pricing pressures from foreign competition caused Philips to post a 37.5% decline in net income compared with record returns in 1984.

This year, the company announced it would take a $10.6 million net loss in the second quarter, following a one-time charge of $21.3 million resulting from plans to withdraw from the manufacture of cable tv equipment and end production of color data displays at the company's Seneca Falls, N.Y., plant. As a result of this and sluggish economic conditions, NAP had net income of only $3.5 million for the first six months of 1986 and operating profit of $24.8 million, down 40% from the year-earlier period. Sales rose 3%, to $2.09 billion.

NAP spent 9.2% more in measured advertising in 1985 compared with 1984. However, advertising and promotional costs—primarily unmeasured spending—dropped about 20%, or $9 million, to $35.9 million in 1985, according to the company.

NAP reduced measured network tv spending by nearly $4 million, about 20%, while shifting $2.3 million into spot tv, $1 million into cable, $310,000 into free-standing inserts and $10,000 into outdoor. NAP eliminated spot radio as an ad medium in 1985, following a sixfold increase in 1984, to $98,500. Network radio, which had no measured spending in 1984, received $569,800 last year.

N.A.P. Consumer Electronics Corp., Knoxville, Tenn., the company's largest and generally most profitable division, was restructured as Philips' worldwide center for consumer electronics products. A new operations group was formed in Knoxville to coordinate worldwide development, engineering and product planning with the parent company, N.V. Philips of Eindhoven, the Netherlands. About 58% of NAP is held by a trust for the benefit of public shareholders of N.V. Philips.

Despite record industry shipments of color tv sets, vcrs and compact disc players last year, NAPCEC, under the Magnavox, Philco and Sylvania brand names, posted a $12.7 million operating loss on stagnant sales of $1.25 billion in 1985. Increased imports of consumer electronics and price pressure competition from Far Eastern manufacturers, together with a softening U.S. economy and stronger U.S. dollar, resulted in sharply lower profit margins.

Electrical consumer products, including the North American Philips Lighting Corp., Norelco and Genie Home Products divisions, accounted for $907 million in sales and operating profits of $73.5 million. Additional consumer products companies, such as Baker, Knapp & Tubbs furniture makers and the Selmer Co. musical instrument maker, contributed $209 million in sales and $18.3 million in operating profits. Professional electronics sales were up, with sharply higher earnings last year, thanks to medical systems and military electronics businesses.

NAPCEC last year introduced 90 tv models under its various labels, as well as a full range of Magnavox computer monitors and a projection tv monitor for educational and industrial uses. In the video category, Magnavox introduced more vcrs and its first single-piece vhs camcorder.

In November, NAPCEC dismissed its agency of 17 years, Doyle Dane Bernbach, New York, saying it wanted to reposition its products during 1986. DDB handled $15 million in billings for the company's Magnavox and Sylvania audio and video products. Backer & Spielvogel, New York, won the Magnavox account in May, 1986, while the Philco/Sylvania account is still in-house.

Already in 1986, Backer & Spielvogel has launched a multi-spot $10 million campaign to build Magnavox sales and image—as the "perfect tv" in the ads. The ads, which broke Oct. 15, tout Magnavox's top-of-the-line tv's 178-channel capability, built-in stereo decoder and an infrared remote control system. The ads are designed to break Magnavox's stodgy "console" image. The creative solution has Magnavox meeting the demands of "videophiles" in the commercials.

Spots share the tagline "Nobody puts it together like Magnavox" and are running during prime time, including "Dynasty," "Hill Street Blues," "Miami Vice" and "Moonlighting." Magazine ads appeared in October, too.

In January the campaign will broaden to feature Magnovox's other lines, including compact disc players and videocassette recorders, according to Mike Keel, vp advertising at the company.

In 1985, the Magnavox line was backed by $6.4 million in measured ad spending last year, up 3% from 1984, according to Leading National Advertisers. Some $3.1 million of that supported Magnavox tv sets, all in magazines. Measured spending dropped 27% for Sylvania to $3.8 million in 1985, 97% of which backed its tv sets, virtually all in spot tv. Philco tv sets had measured spending of less than $10,000 last year, down from $652,000 in 1984.

Philips Home Interactive Systems, a new division of NAPCEC, in November, 1985, introduced its first product, the Magnavox Videowriter, retailing for $800. Billed as "the first complete word-processing system for the home," the Videowriter combines typewriter, video terminal and letter-quality printer in a single portable unit, targeted to consumers who want word processing features without the bother of a computer terminal. The Videowriter is being introduced under the Philips name in Europe this year.

Norelco Consumer Products, a subsidiary of the electrical consumer products division, is the perennial leader of the $276 million electric shaver category, with an estimated 50% share. Norelco measured spending increased 15.5% to $13.4 million, some $9 million of which backed product introductions in the men's and women's shaving categories. Last fall the company launched its men's Rototract electronic shaver, the Delta rechargable shaver, Ladyshave cord and cordless shavers and Lady Schick razors in fashion colors. Some $6.7 million of the $9 million was spent on network tv and $1.1 million on cable tv.

In response to a patent infringement suit brought against Norelco by Windmere Corp., Hialeah, Fla., last December, Norelco said it would withdraw its Ronson electric rotary shavers from the market, but advertised them until its $2 million inventory was sold. Windmere brought suit against Norelco for unfair pricing practices.

Under its new Garment Care division, Norelco launched a line of four Ultra-light irons in June, 1985, and claimed 10% of the 13 million-unit market worth $275 million by December. However, Jim Stevens, editor of *Appliance Magazine*, currently places Norelco's share at 6%, ahead of West Bend with a 3% share, but trailing Black & Decker 43%, Sunbeam 21%, Wear-Ever/Proctor Silex 19% and Hamilton-Beach 7%.

Norelco, which spent $783,000 on irons, all in network tv, joined the pack of consumer appliance marketers hoping to cash in on GE's withdrawal from the market when it sold its housewares division in 1984 to Black & Decker. B&D has aggressively advertised GE's line of lightweight, automatic shut-off irons as it converts many of the GE brands to the B&D logo. NAP says it is aiming for a 20% total market share in the iron category.

The Home Security line, featuring smoke detectors, electronic timers and property identification kits, also was introduced in June, 1985. Other Norelco product entries for 1985 include electric hair setter with flocked rollers, flocked curling iron and flocked curling brush, and a new Man Care beard and moustache trimmer.

Norelco in December, 1985, changed its ad claims for its tabletop Clean Air Machine when the Federal Trade Commission said performance did not meet company claims. Norelco leads the household air cleaner market with 40% share. Ads, via McCaffrey & McCall, stated the Clean Air Machine cleaned "substantially all" or helped clean "a substantial portion" of smoke, dust, pollen or tobacco from the air.

Norelco introduced a rechargeable electric knife, a Tall-Can countertop can opener and an electric corkscrew. Following the highly successful Dustbuster from Black & Decker, the company brought out its own rechargeable Quick Bro hand-held vacuum and the Clean Up Machine 2, a combination rechargeable hand vacuum and spotlight.

Although sales for North American Philips Lighting Corp. were ahead of 1984 levels, growth in the U.S. lighting market dimmed to only 3% in 1985, compared with 19% growth in 1984 and 14% in 1983. Net income for the division was affected by a $15 million advertising and promotional campaign to introduce Philips light bulbs and lamps.

The campaign raised consumer awareness of the brand-name transition from Westinghouse light bulbs and lamps to the Philips name. NAPLC in 1983 purchased the Westinghouse business. Network tv, free-standing inserts and sweepstakes promotions, begun in September, 1985, were handled initially by Gianettino & Meredith, Mountainside, N.J. Earlier this year, NAPLC moved its account to DFS Dorland Worldwide, New York.

Philips Home Products division (formerly Genie Home Products) had total measured spending of $3.2 million last year and backed its Genie remote controls with $1.5 million in spending on network tv. Genie, the leader in the garage door opener market, last year introduced a garage trash compactor called the Beast, a keyless garage door entry system and a microchip powered Stud Detector for do-it-yourself home builders. Measured support of $3.2 million, up 10.3%, was provided for various Genie products, with the remote control system receiving the greatest backing, or $1.6 million. Last January, PHP moved its account to W.B. Doner & Co., Detroit, from Hesselbart & Mitten, Fairlawn, O.

In September, 1986, NAP agreed to sell its furniture subsidiary, Baker, Knapp & Tubbs, to Kohler, Wis.-based Kohler Co., the largest U.S. plumbing fixtures marketer. Earlier in the year, the company had consolidated two Holland, Mich., plants, and combined upholstery facilities in High Point, N.C.

In other operations, Anchor Brush Co. got a boost in sales last year by producing the new Colgate Plus toothbrush line for Colgate-Palmolive and packaging for Maybelline's new Expert Eyes mascara line. Musical instrument manufacturer Selmer Co. had modest sales growth despite a heavy influx of imports and a decline in band and orchestral segments of the musical industry. Philips Medical Systems business showed strong growth in diagnostic product lines.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$8,251	$8,962
Newspaper	647	667
Newsp. supps.	323	11
Bus. pubs.	2,259	144
Network tv	13,781	17,145
Spot tv	5,311	3,027
Network radio	570	0
Spot radio	740	96
Network cable	1,680	682
Outdoor	60	51
Total measured	33,620	30,785
Unmeasured	35,000	32,049
Total	68,620	62,834

NORTH AMERICAN PHILIPS
100 East 42nd St.
New York, N.Y. 10017
(212) 697-3600

Corporate Personnel
Cees Bruynes, chmn-president

N.A.P. CONSUMER ELECTRIC CORP.

Corporate Personnel
Donald F. Johnstone, president

Marketing Personnel
William Ulewicz, vp-Magnavox sales
Rick Policicchio, vp-Sylvania/Philco sales
Robert Beasley, vp-NAPCEC mktg
Frans Bastiaanssen, vp-operations
David Rivoira, vp-new business ventures
Dick Whittington, mktg mgr, Philips Home Interactive Systems

Advertising Agencies

Lowe Marschalk, New York—Philips Home Interactive Systems—Karl Maier, vp-mgmt super.

Backer & Spielvogel, New York—Magnavox div—Charles Decker, sr vp-mgmt super; Alan Stone, acct super; Robert Rizzuto, acct exec.

CONSUMER PRODUCTS DIVISION
Stamford, Conn.

Corporate Personnel
Richard Q. Kress, president

Marketing Personnel
John P. Rohmer, adv mgr

Advertising Agency
McCaffrey & McCall, New York—Jim

Mitchell, acct super.

N.A.P. LIGHTING CORP.
Somerset, N.J.
Marketing Personnel
Alan K. Hegedus, president
Charles Stuart, exec vp-sales & mktg
Jerry Preyss, dir-mktg operations
William Attardi, vp-mktg
Steve Goldmacher, mgr-mktg comm
Advertising Agency
DFS Dorland, New York—Clifford Freeman, exec creative dir; Arthur Bijur, creative dir.

PHILIPS HOME PRODUCTS
Alliance, O.
Marketing Personnel
John Gray, president
Michael Reilly, vp-mktg & sales
Michael Fox, adv mgr
Advertising Agency
W.B. Doner & Co., Cleveland and Detroit—Peter Robinson, acct mgr.

ANCHOR BRUSH CO.
Montgomery, Ill.
Marketing Personnel
B.F. Bouldin, president
B.L. Slaughter, vp-mktg

BAKER, KNAPP & TUBBS
Chicago
Marketing Personnel
Robert H. Fernbacher, president
Bill Barborka, adv dir
Walter Haarsgaard, vp-sales & mktg
Advertising Agency
Aves Advertising, Grand Rapids, Mich.—John Aves, president-acct super; Phil Van Suilichem, acct dir.

THE SELMER CO.
Elkhart, Ind.
Marketing Personnel
H. William Petersen, president
Peter A. Ryan Jr., exec vp-adv

PHILIPS BUSINESS SYSTEMS
Woodbury, N.Y.
Marketing Personnel
Paul Dentone, president
Timothy Holmes, adv dir
Advertising Agency
Greenstone & Rabasca, Woodbury, N.Y.—Richard D'Amico, vp-acct super.

PHILIPS MEDICAL SYSTEMS
Shelton, Conn.
Marketing Personnel
Dominick M. Protomastro, president
Ross Trimby, vp-mktg
Advertising Agency
Doyle Graf Mabley, New York—Peter Larson, acct super.

RANK
NWA Inc. **191**
St. Paul, Minn.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	2,655	2,445	8.6
Net income	77	96	(19.9)
U.S. advertising	35	14	147.8

Division sales	**1985**	**1984**	**% chg**
Passenger	2,154	1,985	8.5
Freight	328	355	(7.6)
Mail	80	58	37.9
Charter	56	39	43.6
Other	37	8	362.5

NWA Inc., parent company of Northwest Airlines, contributed to the merger turbulence of the airline industry with the $884 million acquisition in August, 1986, of Minneapolis-based Republic Airlines.

The two carriers completed consolidation of schedules and other operations Oct. 1, leading to several marketing changes:

- NWA changed the name of its operating unit from Northwest Orient to Northwest, reflecting its broader domestic scope.
- The airline rehired Republic's ad agency, DFS Dorland Worldwide, after an earlier decision to retain Northwest agency Grey Advertising, which was then dumped.
- Former Republic marketing execs who moved to Northwest brought with them the airline's successful "Perks" frequent flier program, renaming it "Worldperks."

Northwest's ad spending in 1985 totaled $45.4 million, a 29.5% increase from 1984, the company says. Measured U.S. spending was $25.4 million; total estimated U.S. spending was $35 million. Republic, which is not represented among 200 leading national advertisers monitored by ADVERTISING AGE, spent an estimated $25 million in the U.S., including $19.2 million in measured media; it did not operate extensively internationally.

For 1985, Northwest alone posted operating revenues of $2.66 billion, an 8.6% increase from a year earlier. Net earnings were $73.1 million, a 30.7% gain from 1984, but operating income was down 20%, to $77 million. The company blames the decline on industrywide fare discounting, but says its load factor—or percentage of available seats filled—remained virtually the same at 60.5%.

For the six months ended June 30, 1986, Northwest had net earnings of $7.5 million, a 79% decline from the year-earlier period, on operating revenues of $1.34 million, up 5.6%. It posted an operating loss of $23 million, compared with a $41 million loss in the year-earlier period.

Republic had record 1985 net earnings of $177 million, compared with the $29.5 million posted a year earlier, on operating revenues of $1.73 billion, up 12%.

Pending consummation of other acquisition deals in the industry—including Texas Air Corp.'s pending buyout of Eastern, Frontier and People Express Airlines and Delta's bid for Western Airlines—Northwest will rank fifth among U.S. airline companies with a 9.9% market share, according to Merrill Lynch estimates.

Company estimates for the first six months of 1986 ranked Northwest sixth among the 28 major U.S. airlines with a 6.5% domestic share; Republic ranked ninth with 3.5%, Northwest says.

Together, the combined Northwest and Republic serve 130 U.S. and international cities with 30,341 employes from headquarters in St. Paul and Minneapolis. Northwest's major domestic hub is in Minneapolis/St. Paul, while Republic's major hubs are in Minneapolis/St. Paul, Detroit and Memphis.

Northwest utilizes about 80% of the gates at Minneapolis-St. Paul International Airport, which raised concerns in the Justice Dept. about monopolizing that market. But the Department of Transportation approved the acquisition, saying other carriers provide adequate competition. (The DOT used similar reasoning in its September approval of Trans World Airlines' purchase of Ozark Airlines; both carriers maintain major hubs in St. Louis).

Analysts say the acquisition strengthened Northwest's system by giving it access to "feeder" traffic for its strong international service, in Asia and Europe. Northwest faced increased competition on those routes in February, when United Airlines, Elk Grove Township, Ill., began serving several new Pacific destinations and backed its service with a major ad campaign via Leo Burnett USA, Chicago.

Republic's service had been strongest in the Midwest and South; the 39-year-old airline was created from mergers between North Central Airlines, Southern Airways and Hughes Airwest. DFS Dorland Worldwide, New York and Minneapolis, was the most recent Republic agency, and the transfer of Republic marketing executives to Northwest led to its rehiring on the estimated $55 million to $60 million account resulting from the acquisition.

Initially, Northwest had awarded the consolidated account to its agency, Grey Advertising, Minneapolis. But dissatisfaction with Grey's work on the postmerger advertising led the airline to do an about-face, even after DFS Dorland had shuttered its Minneapolis office. The account now will be split between DFS' New York and Minneapolis offices; the latter since has been reopened.

Also making the crosstown trip from Republic was "Perks," the airline's trade name for its successful frequent flier program. It has been renamed "Worldperks" to reflect the international scope of Northwest's operations. A.B. (Sky) Magary, the former senior vp-marketing at Republic, has been elevated to exec vp-marketing at the new Northwest. He supervises Northwest vp-advertising Bryan Moon and former Republic ad director John Temple, now senior director of marketing programs.

Grey's last work for Northwest included ads created to announce completion of the merger. They were themed, "The biggest airline merger in history means the world to you," although Northwest may not maintain that distinction for long. DFS' first work for the merged entity included ads, themed "Look to us," that broke Oct. 1 to announce schedule consolidation and the new "Worldperks" program. The new ads position the merged airline as a geographic leader in air travel.

Like many in the deregulated airline industry, Northwest and Republic forged marketing links with the growing number of regional carriers to fill seats on its own longer-haul flights. Republic Express and Northwest Airlink were but two of the many short-distance airlines or marketing entities created from smaller carriers using propeller jets to serve smaller markets in cities near its major hubs.

Northwest Airlink, the surviving regional entity, is a combination of six regional airlines. The most recent partner is Express Airlines One, Atlanta, formerly known as Republic Express. It began service Oct. 1 from Milwaukee to Grand Rapids, Mich.; Green Bay and Oshkosh, Wis., and Chicago's Midway Airport. Expess Airlines One also serves several markets from Minneapolis that it previously served for Republic. (Northwest provides service to Midway and the larger O'Hare International Airport from Minneapolis and Detroit).

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,206	$0
Newspaper	16,851	10,265
Newsp. supps.	55	0
Bus. pubs.	71	42
Spot tv	1,101	0
Spot radio	3,878	0
Outdoor	381	0
Total measured	25,543	10,307
Unmeasured	9,000	3,632
Total	34,543	13,939

NORTHWEST AIRLINES
Mpls./St. Paul Intl. Airport
St. Paul, Minn. 55111
(612) 726-2111
Marketing Personnel
A.B. "Sky" Magary, exec vp-mktg
W. Thomas Lagow, sr vp-mktg planning
Montie Brewer, sr dir-schedule planning
Eric Wilson, sr dir-reservations sales
David Behrends, vp-cargo
Ross Kohlman, sr dir-sales
John Temple, sr dir-mktg programs
Bryan Moon, vp-adv
Judith Mitchell, dir-domestic adv
Bob Aldag, mgr-adv services
Advertising Agencies
Colle & McVoy, Minneapolis—cargo adv, military, meeting and incentive, groups and tours, mktg and pr tie-ins with Mesaba, Big Sky and Fischer Bros. Aviation regional carriers—Mike DiPrima, Deborah Cundy, vp-acct supers; Janet Jones, acct exec; Doug Spong, vp-dir, pr; Gary Young, pr acct exec.

DFS Dorland Worldwide, New York and Minneapolis—commercial and domestic adv, trans-Pacific and trans-Atlantic, Regal Imperial first-class service, some tour and leisure business—Michael Keeshan, mgmt dir (New York); Cody Dalton-Edd, sr vp-mgmt super (New York); Peter Levitan, sr vp-mgmt super (Minneapolis); Jamie Holt, vp-acct super (New York); Mark Wilmot, David Fishman, acct execs (New York); Mark Wildman, acct exec (Minneapolis).

Kolesar & Hartwell, Minneapolis—industry mktg (trade adv), collateral, mktg tie-ins with Simmons and Express Airlines One regional carriers—David Kolesar, president-mgmt super; Bob Sievers, Mary Speagh, acct supers; Jill Cole, acct exec.

TMP (Telephone Marketing Programs), Minneapolis—Yellow Pages—Alfred Cady, president.

RANK
Nynex Corp. **105**
New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	10,314	9,573	7.7
Net income	1,095	986	11.1
U.S. advertising	70	53	32.3

Division sales	**1985**	**1984**	**% chg**
Local service	5,283	4,967	6.4
Network access	2,588	2,380	8.7
Toll service	1,236	1,177	5.0
Other	1,206	1,050	14.9

Nynex Corp. is invading the national office automation market, and analysts say the move is an attempt to quickly establish itself as a leading provider of computer and telecommunications equipment nationwide.

New York-based Nynex acquired 81 International Business Machines Corp. Product Centers in 33 states and the District of Columbia on June 30, 1986, for an undisclosed price, combining these the next day with its 21 Datago Business Centers under the new name of Nynex Business Centers.

Nynex is now tied with Chicago-based Sears, Roebuck & Co. as the largest nonfranchise computer retailer with 102 outlets each. San Jose, Cal.-based Businessland Inc. is third with 95 outlets, according to Alice Brown, president of Dallas-based StoreBoard Inc. IBM continues to sell through authorized dealers, but froze its dealer network at 2,500 outlets in fall, 1985.

Nynex, which entered the retail computer market in December, 1984, is far behind the largest franchise outlets, including Oakland, Cal.-based Computerland, with 578 stores, and Vienna, Cal.-based Entre Computer Centers, with 223 stores.

Nynex is one of the seven Transcommunications companies created by the breakup on Jan. 1, 1984, of American Telephone & Telegraph. It is comprised of two main divisions: New York Telephone and New England Telephone & Telegraph.

The company devoted 79%, or $19 million, of its measured ad spending in 1985 to spot tv, with $11.9 million promoting services of the two telephone companies. Spot tv totaled 73% of measured ad spending in 1984. Another $3.2 million in measured spot tv was spent on corporate advertising and advertising for Nynex Business Systems and Nynex mobile communications divisions in 1985, according to Leading National Advertisers.

Corporate promotion accounted for $2 million in measured magazine spending, with another measured $2 million divided between magazine and newspaper for New York Telephone, according to LNA. In January, 1986, Nynex retained incumbent Young & Rubicam for its corporate account. New York Telephone's current advertising is geared to increasing telephone use in addition to promoting new digital transmission services.

New England Telephone's ad spending jumped 54% in 1985, according to LNA, as the company began positioning itself in December, 1984, for its first local toll-call competition from MCI Communications and U.S. Sprint. New York Telephone spent heavily on brand-awareness ads based on the theme: "New York Lives on New York Telephone." The company also boosted ad spending for Nynex Yellow Pages by 23% to $4 million in 1985 in response to the 1986 entry of New York Yellow Pages by St. Louis-based Southwestern Bell Telephone Co.

Nynex also began extensive promotion in 1985 of the Pathways family of digital network services that fit the specialized needs of residential and business customers. Pathways services are the first step in Nynex's evolution to an integrated services digital network that will carry voice, data and video transmission on the same circuit.

A key to this evolution is installation of fiber-optic cable to carry the ever growing load of digital transmission. Nynex is investing heavily in installing fiber optics in Manhattan, Brooklyn, Boston and other centers of business and technology.

Nynex posted the largest second-quarter 1986 earnings increase of the seven regional Bell holding companies, up 18.4% to $310.8 million over the same period in 1985. First-quarter earnings were $296.5 million, up 15% from the 1985 period. Nynex also recorded strong growth in 1985, its second full year since divestiture. During 1985, the telephone subsidiaries provided 93% of Nynex's operating revenues.

The excess cash that Nynex is generating presents opportunities to diversify into unregulated areas, such as computer retailing, says Neil D. Yelsey, analyst with Salomon Brothers, New York. These unregulated businesses offer strategic opportunities in addition to potentially higher returns than regulated business, he says.

Whether acquisitions such as the IBM Product Centers will be profitable remains to be seen, analysts say. "I can't say I was 100% in favor of this acquisition," says Pat Jurczak, investment analyst and vp-research at E.F. Hutton, New York.

On the positive side, Nynex is attempting to offer one-stop shopping, he says. "When you get right down to it, the customer wants to deal with one provider." But on the negative side, Nynex is pouring money into an industry suffering its worst slump in history, the analyst says.

"If IBM can't make money [in retail] what do you expect Nynex to do?" says Fritz W. Ringling, vp-strategic and telecommunications systems with Gartner Group, Stamford, Conn. There is little synergy between Nynex's basic telephone business and the product centers, he says. "I haven't seen anything that gives me confidence [that Nynex will succeed]."

Douglas J. Mello, president of Nynex Businss Information System, says the acquisition involves more than simply changing the name on the door. "We're re-evaluating their operating philosophy. . For starters, we intend to bring more products on board, giving customers a freedom of choice."

Mr. Mello, formerly an executive with New York Telephone, was appointed president of the division in December, 195. Several IBM executives joined the division in July, 1986, with the acquisition, including James N. Turner, now senior vp, Nynex Business Centers, formerly IBM's vp-retail marketing. Others include J. Robert Chamberlain, vp-sales; David J. Cotcher, vp-operations and marketing support, and Warren L. Pillsbury, vp-marketing.

Analysts say Nynex is making another important move with its planned $10 million acquisition of Washington-based Tel-Optik, a venture firm licensed by the FCC to lay a fiber-optic cable between New York and London. Tel-Optik is in partnership with London-based Cable & Wireless plc in the $300 million to $400 million project, planned for completion in June, 1989.

Nynex signed a conditional agreement in August to buyTel-Optik will seek a waiver to participate in the venture from Judge Harold Greene, who supervised the breakup of AT&T. With this acquisition, Mr. Ringling says, Nynex is chipping away at Judge Greene's prohibition against the regional Bell companies entering the long-distance business. This may open the door for their entry into other unregulated businesses.

"The acquisition of Tel-Optik gets you into the long-distance business. There's no other way to slice it," Mr. Ringling says. "The acquisition itself does not involve much money, but it's done to set a precedent."

Mr. Ringling and other analysts say it is these types of actions that are giving the regional companies a reputation for being "pushy." But Delbert C. Staley, Nynex chairman-ceo, responds to such criticism, saying, "My answer is that asking if we're too aggressive at this time is as meaningful as asking if we were too sleepy before."

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,913	$3,775
Newspaper	15,133	11,781
Newsp. supps.	746	668
Bus. pubs.	593	92
Network tv	53	0
Spot tv	19,019	14,536
Spot radio	3,244	1,654
Network cable	4	0
Outdoor	375	45
Total measured	43,080	32,552
Unmeasured	27,000	20,402
Total	70,080	52,953

NYNEX
335 Madison Ave.
New York, N.Y. 10017
(212) 370-7400

Corporate Personnel

James Hennessey, exec vp

Advertising Agencies

Hill Holliday Conners Cosmopulos, Boston—Beth Broderson, vp-mgmt super; Johnathan Brody, acct super.

Young & Rubicam, New York—William Green, acct super; Brad Most, acct exec.

NEW YORK TELEPHONE

Marketing Personnel

Joseph M. Walsh Jr., vp-regulatory, planning & mktg

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, New York—public telephone—Neil Tergesen, vp-mgmt rep; Gary Andrews, sr vp-dir accts.

Chapman Direct Marketing, New York—direct mail—Frank Galey, vp-group mgmt super; Shelly Schindle, acct super; Lorraine Salta, Usha Krishman, acct execs.

Conill Advertising, New York—Hispanic mkts—Gloria Tuero, acct exec.

Young & Rubicam, New York—Richard Kebboni, Katherine Schneider, acct supers; Laurie Matthews, Margaret McKinley, acct execs.

NEW ENGLAND TELEPHONE

Marketing Personnel

Peter Manus, vp-mktg

Advertising Agency

Harold Cabot & Co., Boston—William H. Monaghan, president.

NYNEX INFORMATION RESOURCES

Corporate Personnel

Joel Barber, vp-business devel

Advertising Agencies

Chiat/Day, New York—Ira Matathia, vp-mgmt super; Steve Mitgang, acct exec.

Conill Advertising, New York—Hispanic mkts—Fernando Garcia, acct super; Juan Carlos Pagan, acct exec.

NYNEX BUSINESS INFORMATION SYSTEMS

Corporate Personnel

James N. Turner, sr vp

Marketing Personnel

Walter Rickard, vp-mktg

Warren Pillsbury, vp-mktg, Nynex Business Centers

Advertising Agency

Hill Holliday Conners Cosmopulos, Boston—Beth Broderson, vp-mgmt super; Johnathan Brody, acct super.

NYNEX MOBILE COMMUNICATIONS

Marketing Personnel

Robert Martin, vp-mktg

Advertising Agencies

Lohmeyer, Simpson Communications, Morristown, N.J.—collaterals—Richard Ricciardi, exec vp.

Rizzo Simons & Cohn, Boston—J. Peter Rizzo, president; Philip Mathews, acct super; John Maruskin, exec vp; Sonia Kingshott, acct exec.

NYNEX MATERIEL ENTERPRISES CO.

Marketing Personnel

Julian Santos, vp-mktg

Advertising Agency

Frank Barth Inc., New York—Katrine Barth, president.

Pacific Telesis Group

RANK **134**

San Francisco

($ in millions)

Worldwide	1985	1984	% chg
Sales	8,498	7,824	8.6
Net income	929	829	12.1
U.S. advertising	62	53	16.5

Division sales	1985	1984	% chg
Local service	2,820	2,525	11.7
Network access	2,715	2,494	8.9
Toll service	1,743	1,799	(3.1)
Other	1,220	1,007	21.2

Pacific Telesis Group is moving quickly to establish itself in its regulated telephone service territory and in the unregulated markets for mobile communications, information services and publishing.

PacTel's two main telephone subsidiaries serve California and Nevada, the former among the largest and the latter among the smallest of the nation's Bell operating companies. The contrast in size is evident in measured media spending for the two units: Nevada Bell spent a measured $16,000 in 1985 entirely on magazines, compared with Pacific Bell's total measured ad spending of $13.1 million, up 6%, according to seven-media brand spending in Leading National Advertisers. Pacific Bell's spending was divided 84% spot tv, 14% magazine, and 2% newspaper supplement.

Pacific Bell's spending represented 61% of PacTel's total measured spending of $21.5 million in 1985 for the LNA media. Spot tv claimed 82% and magazines 16% of the total. PacTel's 11-media total monitored grew 16.5% to $32.1 million.

Pacific Bell Directory, a subsidiary of Pacific Bell that publishes white and yellow pages directories in areas served by Pacific Bell and Nevada Bell, received $5.4 million in measured media, virtually all in spot tv. The unit introduced several specialized directories in 1985, including the *Business Buyers Guide*, a guide for purchasing agents in northern California, and *Las Paginas Amarillas de Pacific Bell*, a Spanish-language yellow pages for the Los Angeles area.

Pacific Telesis has pursued a conservative course in moving into unregulated markets, says Gerald Mayfield, president-professional services division, DMW Group, a Stamford, Conn.-based consulting company. "They were slower out of the chute than the other regional Bell holding companies. Their first priority was repairing their relationship with the California Public Utilities Commission (CPUC). But we're seeing them move now."

The California commission traditionally had been uncooperative in granting rated increases when Pacific Bell was a subsidiary of AT&T, but that attitude has softened somewhat since PacTel took over, Mr. Mayfield says. PacTel did extract a key ruling by CPUC allowing Pacific Bell to shift a portion of its access charge revenue requirements from interexchange carriers to end-users of telephone service. For many years, charges for business long-distance service have subsidized the cost of residential service, causing businesses to try to find ways to bypass the local network for long-distance calling and thus avoid paying local access charges.

The ruling eliminates some of the economic incentives to bypass the local network.

PacTel was among the most profitable of the Bell holding companies in 1985 with net income of $929.1 million, up 12% over 1984. Revenues in 1985 were $8.5 billion, up 8.6% over 1984. For the first six months of 1986, net income was $556.9 million, a 19.2% gain over the same period in 1985. Revenues for the period were $4.48 billion, up 7.2%.

PacTel is making a bold move in the market for cellular telephone and paging services. On May 25, 1985, it agreed to pay $431 million to acquire Dallas-based Communications Industries, a marketer of paging and cellular communications services with operations in Dallas, Atlanta, Tampa and other markets.

The deal set a precedent when it was approved Feb. 27, 1986, by Judge Harold Greene of the Federal District Court in Washington, who supervised the breakup of AT&T. For the first time a Bell company was allowed to gain a toehold in local communications service outside its area. Other Bell companies have since expanded into similar cellular and paging operations outside their service areas. Southwestern Bell leads in that market followed at a distance by No. 2 Bell Atlantic, and No. 3 Pacific Telesis.

But PacTel is rapidly expanding its cellular service. PacTel took over Communications Industries' 23.5% interest in a cellular system in San Francisco and San Jose, Cal., which began operations in 1986, and opened cellular service in Sacramento, Ventura/Oxnard and San Diego in 1985.

PacTel also agreed in May, 1985, to buy Portland, Ore.-based Byte Shops Northwest for an undisclosed price, incorporating it into its PacTel InfoSystems unit. The computer chain announced plans to open eight retail and demonstration centers in the Los Angeles and San Diego areas, in addition to 15 existing centers located in San Francisco, Portland and Seattle. Analysts speculate that PacTel is consolidating its base on the west coast in reaction to a growing threat from New York-based Nynex Co. Nynex in April, 1985, bought 81 IBM Product Centers, bringing its total retail outlets to more than 100. A PacTel spokesman denies the rumor.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,503	$4,144
Newspaper	7,706	5,142
Newsp. supps.	213	61
Bus. pubs.	96	140
Spot tv	17,727	17,495
Spot radio	2,736	546
Outdoor	98	0
Total measured	32,079	27,528
Unmeasured	30,000	25,743
Total	62,079	53,271

PACIFIC TELESIS GROUP
140 New Montgomery St.
San Francisco, Cal. 94105
(415) 882-8000

PACIFIC BELL

Marketing Personnel

John Lockton, exec vp-mktg

Alfred F. Boschulte, vp-business mkt

Lee Camp III, vp-mktg

Rae Haight, vp-consumer mkt

MacLellan E. King Jr., vp-carrier mkt

Jim R. Moberg, vp-corp comm

Advertising Agencies

Foote, Cone & Belding, San Francisco—general Pacific Telesis & Pacific Bell system adv—Dan Odishoo, sr vp-group mgmt super; Jane Gardner, mgmt super, Pacific Telesis corp & Pacific Bell mktg; Richard Ward, mgmt super, Pacific Bell corp & mktg; Mary Moudry, acct super, Pacific Bell mktg. Yellow pages—Ann Paustin, acct super.

Impact (FC&B), San Francisco—sales promo material—Scott Adams, acct dir; Micki Cooper, acct super; John Randazzo, dir-client services.

Ketchum Communications, San Francisco—collateral & direct mktg materials—Bob Blinick, sr vp-managing dir; Gretchen Taylor, vp-mgr, PacTel InfoSystems-yellow pages; Steven Troy, sr vp-regional mgr-yellow pages (Los Angeles).

NEVADA BELL

Reno

Marketing Personnel

Rich Epifani, dir-mktg, external affairs

Les Mathson, dir-sales

Advertising Agency

Brodeur-Martin, Reno, Nev.—Bill Martin, acct mgr.

Pan American World Airways

RANK **121**

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,484	3,686	(5.4)
Net income	[illegible]	(207)	(125.0)
U.S. advertising	[illegible]	24	46.7

Division sales	1985	1984	% chg
Airline	3,090	[illegible]	(6.5)
World service	394	[illegible]	3.4

Pan American World Airways, the airline subsidiary of Pan Am Corp., New York, is back on the road to profitability in 1986 as a result of a fundamental reshaping of the carrier's route network following the sale of its Pacific division and long-term agreements with labor unions that bring the carrier's operating costs in line with the rest of the industry.

But Pan Am's performance in 1986 is expected to suffer as a result of two incidents in the spring of 1986: the bombing of a TWA jetliner in Athens and the U.S. bombing raid on Libya. Both incidents occurred at the peak of bookings for European vacation travel and will have a major impact on this year's results, says Pamela Hanlon, system director in Pan Am's office of corporate communications. "Clearly, from a timing point of view, the TWA bombing and the Libyan incident could not have happened at a worse time," she says.

The impact was felt immediately on Pan Am's bottom line. Passenger revenues fell to $495 million in the second quarter, ended June 30, 1986, from $666 million for the same period in 1985.

The airline's load factors, a measure of the percentage of occupied seats, fell to 45.7% for the quarter, compared with 66.9% for the same period in 1985.

The terrorist scare had little impact on business travel, which grew during the period and was the main reason Pan Am's systemwide yield increased by 9.2%. Yield is the revenue received for each revenue passenger mile flown. The business travelers stimulate revenue because they are consistent travelers who are not as price-conscious as the general public. Revenue passenger miles in the second quarter—a measure of flying one paying passenger one mile—fell to 4.95 billion, compared with 6.6 billion for the 1985 second quarter.

Pan Am's corporate results for the first six months of 1986 included operating revenues of $1.35 billion, down 12.6% from the same period in 1985. The company had an operating loss of $195.6 million for the period, compared with an operating loss of $151.5 million for the same period in 1985. Net loss for the six-month period in 1986 was $270.8 million, compared with a net loss of $210.8 million for the same period in 1985. The figures include $36 million and $9 million, respectively, in foreign exchange losses. The Pan American World Airways division accounted for 74% of corporate revenues and all of the operating losses.

Pan Am's measured ad spending in 1985 jumped 46.8% to $34.2 million. A near doubling of measured newspaper spending to $21.2 million for retail, route and incentive advertising, or 62% of the measured total, was by far the largest spending category.

Jeffrey Kriendler, vp-corporate communications, says the large increase in newspaper spending resulted from the reshaping of Pan Am's route system after the $750 million sale to United Airlines of Pan Am's Pacific division, completed Feb. 11, 1986. The transaction called for United to take over the Pacific division as an ongoing operation, including the transfer to United of 18 aircraft, all division assets and landing rights.

The $750 million cash infusion enabled Pan Am to pay off $244 million in long-term debt, reduced its capital lease obligations and increased stockholder equity by $341 million.

The aircraft transaction also simplified Pan Am's fleet by transferring to United all of the airline's 11 Boeing 747-SPs, its six Lockheed L1011s and one DC10.

The route structure that Pan Am announced would be created after the United deal was completed would focus on markets with the greatest potential for generating revenues. Trans-Atlantic service to 32 European cities was to account for 66% of the airline's available seat miles in the summer of 1986, up from 52.3% in 1985.

Capacity on Latin American routes was to represent about 16% of the airline's total seats, up from 11% in 1985. Domestic routes were to account for 18%, up from 16%.

But after the TWA and Libyan incidents, Pan Am scaled back plans for increasing capacity to Europe, allowing only 5% growth over summer, 1985, and focused instead on Latin America and the domestic front, Mr. Kriendler says.

The carrier added one extra daily 747 service between New York-Los Angeles, New York-San Francisco and Los Angeles-Miami, for example.

However, Pan Am fought hard for European vacation traffic in mid-1986 by introducing a new, enhanced security profile program in June and two-for-one price incentives in July for vacation travelers.

Because the advertising spending was strategic in nature, "It was felt that it would be more advantageous to use print for our route network," Mr. Kriendler says.

He says vacation traffic to Europe began returning to normal levels in mid-July 1986. Traffic in the peak vacation month of August was off only one-half of 1% at 1.54 billion revenue passenger miles, a Pan Am spokesman says.

Pan Am also made moves in other marketing areas. The company signed an agreement in spring, 1986, with American Airlines to buy reservations and passenger handling services from American. As part of the agreement, Pan Am established a marketing alliance in June, 1986, between its World Pass frequent flier plan and American Airlines's AAdvantage plan, integrating the programs so members of both accrue mileage and awards on either carrier.

Pan Am also purchased Ransome Airlines for an undisclosed price, renaming it Ransome-Pan Am Express. Ransome is a northeastern regional carrier that provides feeder service into Pan Am's long-haul routes at John F. Kennedy International Airport and also from Norfolk, Va., to Washington's Dulles Airport.

On Oct. 1, 1986, Pan Am entered a heated battle with Miami-based Eastern Airlines, now a wholly owned subsidiary of Houston-based Texas Air Corp., to provide shuttle service between New York's LaGuardia Airport and National Airport in Washington and between LaGuardia and Logan Field in Boston. Pan Am paid $62 million to Texas Air for enough landing slots in New York and Washington to operate 15 round-trip flights each day and for several airport gates in New York and Boston, a spokesman for the U.S. Department of Transportation says.

The sale was part of a deal Texas Air struck with the DOT in acquiring Eastern, in which Texas Air agreed to discontinue the shuttle operations of its New York Air unit Oct. 1 in return for allowing Eastern to continue its larger, more profitable shuttle operations as a part of Texas Air.

The northeast corridor shuttle service between New York and Boston is the nation's largest and most profitable airline market, handling 4.7 million travelers per year, analysts say. New York to Washington is the fourth largest market, handling about 3.4 million passengers per year.

Pan Am estimates that 1.8 million passengers will fly between LaGuardia and Washington each year and about 2.1 million between LaGuardia and Boston.

Michael Derchin, airline analyst for New York-based First Boston Corp., says Pan Am's move into the shuttle market, combined with its marketing alliances with American and acquisition of Ransome, in addition to its restructured route system all bode well for a return to profitability in 1987. Barring unforeseen problems, "Pan Am might make some money next year for the first time in many years."

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,656	$5,093
Newspaper	21,218	11,395
Newsp. supps.	174	22
Spot tv	4,514	5,333
Spot radio	2,729	1,406
Network cable	212	64
Outdoor	1,696	1
Total measured	34,199	23,313
Unmeasured	31,000	21,132
Total	65,199	44,445

PAN AMERICAN WORLD AIRWAYS
Church Street Station
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New York, N.Y. 10008
(212) 880-1234

PAN AM CORP.

Corporate Personnel

C. Edward Acker, chmn-ceo, Corp. & Pan Am World Airways

Martin R. Shugrue Jr., vice-chmn-coo, Corp. & Pan Am World Airways

PAN AMERICAN WORLD AIRWAYS

Corporate Personnel

C. Raymond Grebey Jr., sr vp-industrial relations

Marketing Personnel

R.A. (Tony) McKinnon, exec vp-mktg & planning

Jerry Murphy, vp-passenger sales

PAN AM WORLD SERVICES

Corporate Personnel

Russell M. Barnes, sr vp-coo

PAN AM SHUTTLE

Corporate Personnel

Bruce Nobles, president

Marketing Personnel

Peret Ross, dir-adv & promo

Advertising Agency

Wells, Rich, Greene, New York—Andre von Stom, exec vp-group dir; Eileen McKenna, sr vp-mgmt dir; Robert Morris, acct super, northern; Mike Antonetti, acct super, Venezuela; Tom Struzzi, acct super, atlantic, Latin America; Cheryl Franker, acct exec, northeast; Laurie Sherman, acct exec, atlantic, Latin America; Elba Ramirez, acct exec, atlantic, Latin America; Pamela Schreiber, asst acct exec, domestic; Janie Waltrip, asst acct exec, domestic.

People Express Airlines

RANK 178

Newark, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	978	587	66.6
Net income	(28)	2	(1,770.9)
U.S. advertising	43	10	343.4

Division sales	1985	1984	% chg
Flight revs.	915	561	63.1
Other	63	25	152.0

A headlong rush to expand in 1985 sent People Express Airlines into a financial tailspin of plummeting earnings and stock prices, culminating with its agreement in September, 1986, to be acquired by rival Texas Air Corp. for about $125 million.

The deal, which would rescue People from almost certain bankruptcy and which immediately advanced the airline $10 million in sorely needed cash, had received tentative approval from the U.S. Department of Transportation in late October.

People founder and chairman Donald Burr embarked on an aggressive crusade in 1985 to build the discount-priced regional carrier into a major national airline. This led to the purchase of several small regional carriers and the big $100 million purchase of Frontier Airlines in November, 1985.

But the acquisition of Denver-based Frontier, a conventionally managed, unionized carrier catering to business travelers, backfired when People attempted to turn Frontier into a low-price, no-frills carrier. Frontier customers deserted the airline in droves, and the unit lost $10 million a month before People made a desperate—and eventually unsuccessful—attempt to sell it to United Airlines.

People's rapid-fire expansion in 1985 clashed with the airline's former philosophy of growth from within and taxed its customer service level. At the same time, People's bargain-fare niche eroded sharply as larger competitors, including United, Continental Airlines and American Airlines, reduced operating costs and passed the savings on to customers by slashing fares.

Soon after People acquired Frontier, the subsidiary became locked in a costly fare war in Denver with United and Continental. Steep losses from Frontier forced People to raise its fares elsewhere, a move that was not well received by consumers. As a result, People had to rescind its price increases, backed by a heavy schedule of local print and radio ads.

The damaging expansion spree began with adding a host of new markets to the People Express system. Cities added in 1985 included Montreal, Dallas, Atlanta, St. Louis and more than 10 other markets. People also bought two regional commuter carriers, Terre Haute, Ind.-based Britt Airways and Naples, Fla.-based Provincetown-Boston Airline.

Analysts say the Frontier acquisition was a crucial misstep because the buy ended up costing People far more than Frontier was worth.

To support all the activity, People hiked its measured spending for 11 media monitored in this issue from $8.95 million in 1984, all in newspapers, to $39.7 million, still largely dominated by national newspaper spending of $29.2 million. Spot tv accounted for 7.4% of the total, magazines 7%, spot radio 5.9% and outdoor 5.8%.

People in 1985 made moves to go after business travelers in an effort to become less dependent on discretionary travelers, who fly mostly in summer. The airline began installing a computerized system to help it price and sell seats more effectively, and it started to reconfigure its jets to offer first-class service on most flights. First-class had been available only on transcontinental and trans-Atlantic flights served by People's jumbo jets. The effort sought to transform People into a more conventional airline offering standard items like free meals and baggage handling. A magazine campaign pitched People as more than a cut-rate carrier.

People also introduced its first travel packages, bundling rental cars and hotel rooms with seats to vacation markets such as Florida. The packages are an effort to encourage travel agents to book their customers on People. People sold some 10,000 packages in 1985 and wants to sell 200,000 of them in 1986. Travel agents account for up to 80% of bookings for the major full-service airlines, while they only contribute about 20% of People's reservations.

The image revamping strategy to attract higher-paying business customers is a great risk for People, which earned its reputation as the country's first major no-frills discount carrier, catering mostly to the young.

The moves also brought changes to People's once-informal management style. The carrier in 1985 began to set up more elaborate management structures that conventional business sense dictates are needed to run a big airline efficiently and profitably.

The culture change at People had a direct effect on advertising. The carrier introduced an uncharacteristic air of bureaucracy and tighter approvals processes to its informal relationship with longtime agency Plapler Russo & Associates, New York. Agency execs say People's retrenchment effort has meant longer turnaround for implementation of new campaigns, which in the past often swept through approvals in a matter of days.

The Plapler agency had anticipated a windfall from People's acquisition of Frontier. The agency created an extensive print and radio campaign heralding the merged airline as the "People Express Team." But a planned network tv campaign never materialized because of Frontier's financial woes, overcapacity in planes and aggressive fare-cutting by competitors.

People's demise via the planned sale to Texas Air brought the curtain down on Mr. Burr's entrepreneurial crusade to build a national no-frills airline and set up the possibility of the innovative airline exec rejoining forces with ex-partner Frank Lorenzo, Texas Air chairman-ceo. Mr. Burr served as president of Mr. Lorenzo's Texas International in the late 1970s.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,772	$0
Newspaper	29,212	8,953
Newsp. supps.	129	0
Spot tv	2,934	0
Spot radio	2,343	0
Network cable	1	0
Outdoor	2,304	0
Total measured	39,695	8,953
Unmeasured	3,000	677
Total	42,695	9,630

PEOPLE EXPRESS AIRLINES
North Terminal
Newark International Airport
Newark, N.J. 07114
(201) 961-2931

Corporate Personnel

Donald C. Burr, chmn

Marketing Personnel

Stephen Schlachter, managing officer-mktg

Advertising Agency

Plapler Russo & Associates, New York—Larry Plapler, partner; John Russo, partner; Richard Russo, exec vp; Frank Fristachi, exec vp; Corrine Brohme, vp, acct super.

Polaroid Corp.

RANK 109

Cambridge, Mass.

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,296	1,272	1.9
Net income	37	26	43.6

U.S.	1985	1984	% chg
Sales	779	744	4.8
Advertising	70	74	(6.2)

The manufacture and sale of instant imaging products continues to be the mainstay of Polaroid Corp.'s business, and it may be the only area that did not undergo upheaval during 1985.

During the past year, Polaroid changed several of its advertising agencies, including its sought-after consumer photography business; introduced a new photographic system; rearranged vital portions of its corporate infrastructure, and nearly settled a 9-year-old Hatfield-and-McCoy-type feud with Eastman Kodak Co. Polaroid seems to have come out none the worse for wear and seems stronger and more optimistic about its future than it's been in a long time.

The unit sales at Polaroid are not so bright, as they continued to decline. In 1985, Polaroid sold 3.5 million consumer cameras, compared with 3.6 million in 1984 and 3.8 million in 1983. While international unit sales remained steady, U.S. sales, which account for 60% of Polaroid's business, declined slightly in unit terms. However, two 1985 events could alter the downward sales trend.

First was the victory Polaroid claimed Oct. 11, 1985, in its nine-year patent infringement suit against Kodak. The U.S. district court for Massachusetts issued a permanent injunction, which took effect Jan. 8, 1986, barring Kodak from the manufacture, use or sale of instant cameras and films.

The instant imaging business is an important one because of its potential commercial and industrial application and its use in electronic imaging systems. Kodak's exodus means that part of the $1 billion instant photography business in the U.S. will pass to Polaroid. Kodak had about 25% of market in 1985, and half of that is expected to go to Polaroid, according to the Value Line Investment Survey. Still to come is the damages involved in the settlement. One analyst predicts damages could run $500 million to $1 billion.

The second impetus to Polaroid's business came in the form of a new instant camera system, Spectra. Spectra was introduced by an extensive $40 million advertising campaign, which kicked off April 21, 1986, on network tv.

The Spectra system includes a camera that focuses and controls exposure automatically. A computer-like circuitry system within the camera can make more than 30 focusing and exposure decisions within 50/1000 of a second. The camera operates on a higher-quality instant color film and has many accessories.

Though some industry observers believe the $130 to $249 retail price for the camera, and a $1 cost per shot could be prohibitive, Spectra appears to be doing well. According to Peter Enderlin, photo-marketing analyst with Smith Barney, Harris Upham & Co., after four months on the market, Polaroid was cranking out cameras and film seven days a week on three shifts to meet demand. Despite such full-capacity production, dealers were complaining initially about distribution delays and forced film rationing.

Polaroid's marketing strategy, which was to tap a more upscale market, seems to have paid off. The ad campaign was supplemented by demonstrations at stadiums, national parks and theme parks.

Five months before Spectra hit the market, Polaroid named a new agency to handle its estimated $45 million consumer photography account. Ally & Gargano, New York, which only 16 months earlier had replaced Doyle Dane Bernbach, New York, Polaroid's agency of record for 30 years, by snapping up Polaroid's consumer business, made a quit-rather-than-be-fired move when Polaroid invited four other agencies to pitch the Spectra system. BBDO was tapped as Ally & Gargano's replacement in November, 1985.

BBDO had been handling Polaroid's sales promotion and direct response activities before taking over the consumer-photography account. Some say the reason for Ally & Gargano's departure was that the agency and Polaroid, a firm believer in consumer recall tests, disagreed on the weight test scores should carry in determining the success of a campaign.

The current Spectra campaign, with the theme "We take your pictures seriously," is BBDO's first effort for Polaroid as its consumer account agency.

DDB, which had held onto the industrial advertising portion of Polaroid's account, resigned its remaining $2 million worth of business when it lost some $20 million worth of Polaroid's Middle Eastern and European advertising to Ogilvy & Mather.

Polaroid's current marketing strategy targets new parents, extended families and young adults. One promotion ties Kimberly-Clark's Huggies disposable diapers with a free Polaroid camera offer. This audience choice seems to be paying off; Mr. Enderlin of Smith Barney estimates sales in 1986 are running 25% ahead of 1985.

Nevertheless, Polaroid wishes to secure its future on several fronts. Polaroid continues to be committed to new technologies, such as electronic photography. Even though research and development expenditures declined to $118.7 million in 1985, down 12% from 1984, the company plans to spend more than $25 million a year in its new microelectronics laboratory.

Analysts applaud Polaroid's recognition of the need to broaden its base from the not-so-robust instant photography business into higher-growth areas. Mr. Enderlin sees Polaroid taking on various aspects of electronic imaging, fiber optics and medical diagnostics to secure long-term growth. Polaroid already comprises three distinct business units—consumer photography, industrial technology and magnetic media.

Polaroid's industrial and professional-type films currently number 45, including seven film introductions in 1985. Also in the past year, Polaroid introduced an instant video film recorder that produces high-quality instant prints on slides from video images. Polaroid spends about $2-$3 million annually advertising its industrial and technical products.

Though U.S. unit sales of consumer cameras were down in 1985, over-all U.S. sales increased 5% in dollar terms, which company officials attribute to the sale of magnetic products. Polaroid's magnetic media business is a little more than two years old, and its videocassettes account for a 10% share of the about $1 billion U.S. videocassette category, Mr. Enderlin says. Competitors include 3M, TDK and Sony, which Mr. Enderlin estimates each holds between a 15% and 20% market share.

"The Polaroid name has translated well into the videocassette category," Mr. Enderlin says, adding that the quality of the tapes, manufactured by JVC (vhs format) and Sony (Beta format) to Polaroid specifications, is also good. Polaroid also carries a complete line of tapes in 8mm format, which are manufactured by Toshiba. With Polaroid apparently relying on name and package recognition, advertising support for videocassette tapes fell from $870,000 in 1984 to just $54,000 in 1985.

One new area that has not done so well for Polaroid is its negligible showing in the $600 million to $700 million U.S. floppy disc market, where it is up against the same competitors as in the videocassette category. During 1985, two additional disc products were added, and a separate sales force was set up to market the discs to retail and end-user accounts, distributors and through catalogs. Polaroid established a proprietary Data Rescue Service, which recovers data lost by Polaroid disc users. During the year, Polaroid purchased a major portion of Verbatim Corp.'s Data Encore division, which includes disc duplication systems and proprietary data protection systems.

On Jan. 1, 1986, I.M. Booth, 54, president of Polaroid, also became ceo. Mr. Booth succeeds William J. McCune Jr., 70, as ceo, while Mr. McCune continues as chairman of the board. Peter O. Kliem, senior vp and assistant director of research, was named director of research to succeed Howard G. Rogers, who retired.

Company earnings are expected to rise sharply in 1986 because of a reduction in payroll costs, a weaker U.S. dollar and vigorous marketing. Spectra sales could reach 10% to 15% of company sales, according to the *Wall Street Journal*, which quotes Mr. Booth. International markets accounted for 40% of Polaroid's product sales and 60% of its operating profits in 1985. Ad spending in 1986 is expected to parallel that of 1985. During 1985, Polaroid decreased its spending in newspapers (down 57%), magazines (down 47%), and cable tv (down by 57%). At the same time, spending in the business press nearly doubled.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,565	$6,746
Newspaper	538	1,253
Newsp. supps.	0	28
Bus. pubs.	1,635	888
Network tv	20,089	17,337
Spot tv	2,727	2,980
Network radio	160	0
Spot radio	483	1,387
Network cable	383	887
Outdoor	14	0
Total measured	29,555	31,506
Unmeasured	40,000	42,641
Total	69,555	74,148

POLAROID CORP.
549 Technology Square
Cambridge, Mass. 02139
(617) 577-2000

Marketing Personnel

Brian O'Connor, vp-sales & mktg
Peter Eichorn, vp-mktg, N. America
William O'Neill, group vp-consumer photography
Lee C. Brewer, vp-intl mktg operations
Robert M. Delahunt, vp-worldwide industrial mktg
Joseph J. McLaughlin, group vp-worldwide mktg
Sys Morch, dir-intl adv
Adrian Van Dorp, dir-industrial adv
James Clegg, sr mktg mgr
Frank Nolan, acting vp-adv, consumer photographic prods

Advertising Agencies

BBDO, New York—cameras, consumer prods—Lonny Strum, mgmt super; Robert McGreevy, acct super; Lisa Patrick, acct exec; Melinda Thompson, asst acct exec; Stamo Vallianos, acct coord.

Hill, Holliday, Connors, Cosmopulos, Boston—industrial prods—Nola Anderson, mgmt super; Kevin Powers, acct super; Mark McKenna, acct exec; Kim Rossi, asst acct exec. Diskettes—Kathleen Driscoll, acct super; Jean Manasian, acct exec.

Prudential Insurance Co. of America

RANK 143

Newark, N.J.

($ in millions)

Worldwide	1985	1984	% chg
Sales	23,564	18,209	29.4
Net income	2,340	1,480	58.1
U.S. advertising	58	36	62.4

Division sales	1985	1984	% chg
Services	14,865	11,830	25.7
Invest. income	6,820	5,984	14.0
Capital gains	1,879	395	375.7

A new chairman-chief exec officer, Robert C. Winters, is taking the helm of Prudential Insurance Co. of America, but the company is expected to chart much the same course set by retiring Robert A. Beck, who announced his resignation in September.

That course has seen a broadening of the company's services from insurance to real estate, to a range of financial services, including the purchase of Bache Group (now Prudential-Bache Securities) and the creation of a variety of innovative "interest sensitive insurance products."

Prudential has supported this activity with a growing budget in measured media, which was $42.9 million in 1985, a 51% increase over 1984. And so far, Prudential's activity in 1986 suggests even more aggressive advertising.

Prudential was major supporter of the July 4 Liberty celebration, running more than 20 commercials during ABC-TV's coverage of the event. The company declined to say how much was spent on the sponsorship, however Prudential reported it received positive response from both employes and consumers, and was pleased with the broadcast's ratings. In a more recent tv sponsorship, Prudential introduced a special drug abuse related commercial as part of its half sponsorship of a CBS two-hour special on Sept. 28, "Under the Influence," a show about substance abuse. Prudential's participation in the program was part of an ongoing campaign to support programs for substance and alcohol abuse.

All this activity proved to be healthy for Prudential's financial picture. The company's total consolidated assets grew 19% to $115.7 billion. Net income, before dividends to policyholders, was $2.3 billion, with most of Prudential's businesses reporting revenue and earnings gains. In the insurance area, premiums from new business sales of life and health insurance and annuities grew 93% in 1985 to $10.6 billion from $5.5 billion.

Total life insurance sales were $80.2 billion in 1985, up 20%; total premium income rose 26% to nearly $15 billion, while its net investment income was up 14% to almost $7 billion. Life insurance continues to account for the bulk of Prudential's revenues: In 1985 new business premiums from sales of individual life insurance rose 39% to $716 million. The sales were from traditonal life insurance products as well as several new offerings introduced in 1985 that offer flexible premium rates and benefits. Appreciable Life and Life Builder offer variable premium payments, higher or lower death benefits, and guaranteed cash values. Discovery Life and Discovery Life Plus, introduced early this year, are interest sensitive, single-premium policies that tie in a tax deferred accumulation provision.

Life insurance was the most heavily supported category of Prudential's advertised products, with the bulk of the $10.8 million budget going to network tv. Ad spending on life insurance rose by 6.5%. Last year, Prudential supported its Variable Life program with $649,700 in magazine advertising, nearly eight times more than it spent on Variable Life in 1984.

Advertising for business insurance products, spent entirely in magazines, increased 23% to $461,500 in 1985. Auto insurance advertising grew 24% to $2.3 million last year, and all went to network and spot tv.

PruCare, Prudential's Health Care Plan, which is a health maintenance organization operator, added 526 employers to the membership roster in the HMO, bringing to 3,400 the number of employer subscribers offering healthcare services to more than 430,000 customers in 1985. PruCare will be entering the recently deregulated New York City market in early 1987 in pursuit of its share of the nearly 15 million people in that market.

PruCare will be competing with a number of other HMOs in addition to the long-time established not-for-profit providers. The product offered by PruCare of New York will not be an HMO, but instead will be an array of health insurance products, which means it will not necessarily be competing head-to-head with HMOs in the market. Advertising plans have not been set, but ads will be created by Prudential's agency, Ted Bates.

Last year, PruCare, which operates in 11 states, spent $197,000 in measured media advertising, nearly evenly divided between outdoor advertising and spot tv. Two new products were introduced last year under the PruCare banner, PRUscription, a medical care plan aimed at groups of 50 or fewer that includes cost containment features, and PruCare Plus, a "blended" PPO/HMO plan for larger groups.

Prudential plans to offer PruCare Plus in 90 major markets in the U.S. by the end of the decade. PRUscription is advertised on a local market basis currently. PRUscription and PruCare Plus helped build new business premiums by $91 million in 1985, a 77% increase over 1984 and the best year in that category since 1981.

Prudential-Bache Securities showed a profit of $42 million from its securities business, a turnaround from the division's $85 million loss the year before. A total of $8.7 million, almost all in network and spot tv, was spent on Prudential-Bache, a 32% increase over 1984 spending.

Prudential, the nation's largest real estate developer, this October reported it planned to sell interests in four major commercial properties for a total of more than $500 million and seek out joint venture partners for real estate projects. The company is tightening its purse strings on real estate ventures because of the depressed condition of that industry in most of the major markets.

Mr. Winters, an actuary, has spent his entire career with Prudential, rising most recently to become one of two vice chairmen of the company. As vice chairman, he was in charge of central corporate and financial operations.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$6,764	$2,709
Newspaper	1,081	609
Bus. pubs.	164	397
Network tv	28,439	19,831
Spot tv	3,649	1,894
Network radio	755	0
Spot radio	584	56
Network cable	1,347	880
Outdoor	109	36
Total measured	42,891	26,412
Unmeasured	15,000	9,237
Total	57,891	35,648

PRUDENTIAL INSURANCE CO.
OF AMERICA
Prudential Plaza
Newark, N.J. 07101
(201) 877-6000
Marketing Personnel
Connie Sartian, vp-public affairs
Scott C. Mason, vp-adv
Mary Lou Sack, mgr-adv
Gabrielle K. Shanin, mgr-adv
Vickie J. Snoy, sr adv consultant
Thomas R. Jago, assoc adv mgr
Advertising Agency

Ted Bates Advertising, New York—corp, life insurance property & casualty (homeowners & auto), retirement planning, small business, insurance brokerage, Prudential Asset Management Group, Prudential Reinsurance Company, Prudential Realty Group, Prudential Health Care System—Lee Hines, exec vp; Tim Corrigan, sr vp-mgmt rep; J. Michael McMurphy, vp-acct super; Paul McCormick, acct super; Diana Branski, Anneke Napp, acct execs.

Rapid-American Corp.
New York

RANK **118**

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	2,033	1,819	11.7
Net income	85	(8)	1,118.9
U.S. advertising	66	59	12.2
Division sales	**1985**	**1984**	**% chg**
Retail merch.	993	927	7.1
Alcoholic bevs.	401	416	(3.6)
Consumer prods.	459	408	12.5
Other	135	68	98.5

Rapid-American Corp. shored up its bottom line in 1985 through consolidation of retail operations, divestitures and acquisitions. Sales increases in all business segments except for heavily advertised Schenley Import Co. contributed to the gain.

For the first six months of fiscal 1987, Rapid American returned net sales of $923 million, up 111% from same period in the prior year—largely the result of the inclusion of newly acquired TG&Y stores. The company reported a net loss of $23.7 million.

Spurred by the reputation of the company and president-ceo Meshulam Riklis toward acquisition and diversification, particularly in the retail sector, rumors emerged in early 1985 that Rapid would make a takeover bid for New York-based F.W. Woolworth Co. A bid, however, never materialized.

Mr. Riklis did sell Rapid's Lerner Stores in April, 1985, for $297 million to Limited Inc., and then paid Household International $360 million for TG&Y Stores in January, 1986.

In the retail segment, Rapid closed down HRT Stores operations in April, 1986.

A streamlining of operations within the segment involved trimming TG&Y by 200 stores and repositioning 500 stores with a merchandising mix similar to McCrory's.

Sales at Schenley dropped 3.6% to $401 million for the year ended January, 1986.

Operating profit was $60.5 million, up 36%, a growth attributed to an increase in investment income and a reduction in ad expenditures.

Schenley's most prominent brand, Dewar's White Label scotch whisky, was the 13th largest selling liquor brand in 1985, up from 15th in 1984. Case sales rose to 2.37 million, a 3% increase from 1984, according to John C. Maxwell Jr. of Furman Selz Mager Dietz & Birney, New York.

Dewar's Blended scotch whisky, which accounts for a leading 22% of the scotch market, remains one of Rapid's most heavily supported brands, with $7.1 million spent in 1985, according to Leading National Advertisers.

The brand accounts for more than half of the Schenley division's profits. Leo Burnett USA, Chicago, handles Dewar's. J&B, Johnnie Walker Red and Cutty Sark trail Dewar's in market share in that order.

Scotch whiskies accounted for 33.2% of Schenley's total case sales for the year, followed by 17.3% for straight whiskies, 12.2% wines, 11.1% Canadian whiskies, 7.4% gins and vodkas, and 2.5% blended whiskies. Rums, brandies, cordials and the like accounted for 16.3%.

Sales of McGregor, a portion of the company's consumer products sector, were $190 million for the year ended January, 1986, up 7.8%. McGregor received only $64,000 in measured national advertising in 1985.

The company's Faberge unit, acquired by Rapid in 1984 for $100 million but included in full-year sales figures for the first time, posted sales of $45 million. Advertising for Brut cologne for men tallied $4.8 million during 1985, up from $1.8 million in 1984, according to LNA, making it the highest ad expenditure in the Faberge unit during the year. The Faberge conditioning and styling mousse and Organics shampoo and conditioner lines were backed by a combined $3.7 million in spending, up 8.8%. Bozell, Jacobs, Kenyon & Eckhardt, New York, handles.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$11,262	$12,085
Newspaper	4,183	3,615
Newsp. supps.	235	470
Network tv	3,678	4,507
Spot tv	8,848	5,803
Network radio	158	0
Spot radio	918	39
Network cable	622	456
Outdoor	4,528	3,714
Total measured	34,432	30,688
Unmeasured	32,000	28,520
Total	66,432	59,208

RAPID-AMERICAN CORP.
888 Seventh Ave.
New York, N.Y. 10106
(212) 621-4500
Corporate Personnel
Meshulam Riklis, chmn-president-ceo
Harold Devine, vice-chmn
FABERGE
Marketing Personnel
Daniel J. Manella, chmn-ceo
Henry O. Dow, exec vp-sales
William A. Tauriello, exec vp-mktg
GILEAD MANUFACTURING
Marketing Personnel
Paul Carter, president
Peter Lipkin, vp-sales
McCRORY CORP.
Corporate Personnel
New York
Stephen Pistler, chmn-coo
David Lissy, vice-chmn
Corporate Personnel
York, Pa.
J.P. Lux, president-coo
Charles Gass, exec vp
Robert Jewell, sr vp-human resources
McGREGOR CORP.
Marketing Personnel
William Compton, exec vp
SCHENLEY INDUSTRIES CO.
Dallas
Marketing Personnel
Alexander Berk, vp-operations devel
Garry Martin, vp-mktg & merch
Chuck Burkhart, vp-sales
Advertising Agency

Leo Burnett USA, Chicago—David Selby, acct super; Judi Phillips, Scott McComsey, Steve Longley, Dane Cafagrande, acct execs.

WONDERKNIT
Marketing Personnel
Robert Abels, president
Ivan Garrett, vp-mktg
Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, New York—McGregor Corp., Botany 500, Cross Country Clothes, McGregor Licensing, Wonderknit, Billy the Kid Industries, Faberge Inc. (Brut, Babe, Aqua Net, Tigress, Jose Eber)—Les Koll, mgmt super; Bob Verdugo, Cary Stiber, acct execs.

Reynolds Metal Co.
Richmond, Va.

RANK **188**

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	3,416	3,728	(8.4)
Net income	(292)	137	(312.4)
U.S.	**1985**	**1984**	**% chg**
Sales	3,214	3,459	(7.1)
Operating profits	56	182	(69.3)
Advertising	36	44	(18.4)
Division sales	**1985**	**1984**	**% chg**
Packaging	1,224	1,201	1.9
Other aluminum	272	299	(9.0)
Non-aluminum	278	263	5.7

The 100th anniversary of the birth of aluminum processing in February came on the heels of another poor year for the industry and for Reynolds Metals Co. in particular.

The nation's second leading producer of aluminum—behind Aluminum Co. of America (Alcoa)—had a decline of 8.4% in sales in 1985. Net income was $24.5 million before a $300 million-plus writeoff resulted in a net loss of $291.6 million in 1985. That compares to profits of $137.3 million in 1984.

National advertising in 1985 took its lumps correspondingly, as Reynolds reduced measured advertising 18.4%, from $26.1 million to $21.3 million, including cuts of more than $3.5 million each for two of the company's three most heavily advertised products, Reynolds Plastic Wrap and Reynolds Wrap household aluminum foil.

Although aluminum consumption worldwide rose slightly in 1985, the metal was in oversupply, and foreign producers solidified their 20% share of the U.S. market.

Nevertheless, market analysts who in June, 1984, were recommending the sale of aluminum stocks now are taking a more optimistic view. "We're not yet recommending the purchase of aluminum companies' stock," says Mary C. Jennings, an analyst at Paine Webber, New York, "but the market is turning more positive."

Reynolds reported first-quarter 1986 profits of $14.3 million, up from $7 million in 1985, and second-quarter profits of $28.8 million, compared with $4.9 million the previous year. Ms. Jennings predicts net income of about $121 million for Reynolds this year, including an estimated $70 million for the expected sale of the company's 41% share of Robertshaw Controls Co., a Richmond, Va.-based manufacturer of temperature controls and energy management systems.

Reynolds avoided a strike by two unions against Alcoa, although the unions' contracts with Reynolds also had expired. The five-week strike ended early this July. The two leading aluminum producers, which had negotiated jointly with the unions, had proposed a $2.90-an-hour cut in wages and benefits, while the unions had countered with a 40-cent increase proposal. The final settlement froze wages and cut benefits.

Faced with the worldwide oversupply of primary aluminum—per-pound prices dropped between mid-1984 and late 1985 from 76 cents to 46 cents—Reynolds continued to shift its marketing emphasis to fabricated aluminum and related products. In the past year, the company introduced several new lines of aluminum and vinyl siding; a new flexible lidding system, featuring coated aluminum foil and composite foil/plastic film material, and a new dispenser for Reynolds foodservice film.

This June, Reynolds announced the purchase for an undisclosed price of Cut-Rite brand wax paper from Scott Paper. Paine Webber's Ms. Jennings says the product mix of wax paper, in which Cut-Rite is far and away the leading seller, with Reynolds aluminum and plastic wraps should make a natural advertising and promotional tie-in. Scott only backed Cut-Rite with a minimal $453,000 in advertising in 1985. The product did not show up in measured media in 1984.

In 1985 and earlier this year, Reynolds closed primary aluminum production plants in Arkansas and Alabama, leaving it with primary plants in Washington, Oregon and New York, as well as a Canadian facility at which production capacity was increased by 125,000 tons. The 1985 writeoffs were caused by the plant closings. Reynolds has closed plants in each of the past three years.

The company fabricates aluminum products and other consumer commodities at 40 domestic and 12 foreign plants. The U.S. was responsible for $3.1 billion of the companywide $3.4 billion in sales in 1985, with Canada accounting for $65 million and foreign markets $299 million.

For the first time since it was founded in 1919, Reynolds Metals Co. does not have a chief executive officer named Reynolds. William O. Bourke, a former Ford Motor Co. executive who joined Reynolds in 1981, succeeded David P. Reynolds this April as ceo. Mr. Bourke was chief operating officer.

Along with administrative cutbacks and reduction of its 27,700-member work force by 750, Reynolds trimmed advertising expenditures. Big cuts came out of the ad budget of Reynolds Plastic Wrap—second nationally behind Dow Chemical's Saran Wrap in sales—from $8.3 million to $4.5 million, all in spot tv. Advertising for Reynolds Wrap aluminum foil, the industry leader, dropped from $11.2 million in 1984—$9.9 million of that in spot tv—to $8.5 million in 1985, of which $6.1 million was in spot tv and $2.4 million in magazines.

Reynolds increased ad expenditures for its line of oven cooking bags from $3.1 million in 1984 to $4.7 million in 1985; $2.8 million of the 1984 expenditures were for spot tv and the rest in magazines, while all of the 1985 advertising was spot tv.

Among other 1985 ad expenditures were $561,000 for Eskimo Pie ice cream bars (Reynolds owns 83.5% of the producer); $590,000 for commercial foil/plastic wrap, and $419,000 for a sweepstakes offer.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,796	$2,239
Newspaper	197	805
Bus. pubs.	258	434
Spot tv	15,578	21,885
Spot radio	1,430	700
Outdoor	0	3
Total measured	21,258	26,067
Unmeasured	15,000	18,393
Total	36,258	44,459

REYNOLDS METALS CO.
6601 Broad Street Rd.
Richmond, Va. 23261
(804) 281-2000
CONSUMER DIVISION
Corporate Personnel
Scott D. Wyllie, genl mgr
Marketing Personnel
Paul W. Miltenberger, genl mgr-mktg & sales
J. Douglas Mickle, adv mgr
Advertising Agencies

J. Walter Thompson USA, New York—Reynolds Wrap aluminum foil, Reynolds Plastic Wrap, Reynolds Redi-Pan aluminum foil ware, Diamond foil, new prods, private label, Reynolds Freezer Paper, trade and military—Janet Kaufman, acct exec.

Tucker Wayne & Co., Atlanta—Reynolds Oven Cooking Bags, Cut-Rite wax paper—Eleanor Doar, acct exec; Richard Bressler, acct exec.

RECYCLING & RECLAMATION DIVISION
Corporate Personnel
Richard Bolling, vp-genl mgr
Marketing Personnel
Andrew H. McCutcheon Jr., natl mktg mgr-Reynolds Aluminum Recycling Co.
Advertising Agency

Martin Agency, Richmond, Va.—Dan Bartges, acct exec.

CONSTRUCTION PRODUCTS DIVISION
Corporate Personnel
John M. Noonan, vp-genl mgr

Marketing Personnel

John A. Shelhorse, mktg dir-building prods

Advertising Agency

Admark, Richmond, Va.—Roxanne Heywood, president.

REYNOLDS METALS CO.

Marketing Personnel

Richard L. Krauss Jr., adv mgr of five divs:
- Reynolds Aluminum Supply Co.
- Mill Products
- Extrusion Division
- Electrical Division
- Corporate Advertising

Advertising Agency

Earle Palmer Brown Cos., Richmond, Va.—George R. Woltz, acct exec.

FLEXIBLE PACKAGING

Corporate Personnel

Robert L. Waldrop, div genl mgr

Marketing Personnel

Richard C. Buell, div mktg devel mgr
John McGrath, adv mgr

Advertising Agencies

Lawrence Kaplan Advertising, Richmond, Va.—foodservice and flexible packaging—Lawrence Kaplan; president.

CAN DIVISION

Corporate Personnel

Robert D. O'Donnell, vp-genl mgr

Marketing Personnel

Lee R. Gunton, natl mktg mgr

Advertising Agency

Lawrence Kaplan Advertising, Richmond, Va.—Lawrence Kaplan, president.

RANK

A.H. Robins Co. 174

Richmond, Va.

($ in millions)

Worldwide	1985	1984	% chg
Sales	706	632	11.7
Net income	76	(462)	(116.4)
U.S.	**1985**	**1984**	**% chg**
Sales	566	496	14.1
Operating profits	135	111	21.0
Advertising	45	47	(4.1)
Division sales	**1985**	**1984**	**% chg**
Pharm. prods.	370	362	2.2
Consumer prod.	233	192	21.4
Other	109	87	25.3

A.H. Robins, which is seeking protection under the federal bankruptcy law because of more than 300,000 claims brought against the company for producing and marketing the Dalkon Shield intrauterine birth control device, nonetheless carried on profitable operations in 1985.

However, during the first six months of fiscal 1986, Robins' returns have slipped from the pace set in 1985, a year in which earnings returned from a loss in 1984.

Returns for the six months were $30.7 million in net earnings, down 13%, on sales of $364 million, up 10% in 1985.

Dalkon Shield litigation expenses reduced earnings by $2.4 million for the first half, compared with a charge of $8.7 million against earnings in the prior year period. Suits against Robins allege that defects in the IUD device led to pregnancy, pelvic infection, sterility, involuntary abortion, hysterectomy or death.

In 1985, ad spending for 11 measured media dropped only slightly from $36.8 million to $35.3 million. Biggest outlay backed the o-t-c introduction of previously prescription-only Dimetapp Allergy and Decongestant Tablets.

Spending in seven media for Dimetapp was $9.3 million, including $5 million in network and $3.7 million in spot tv, according to Leading National Advertisers.

The Robitussin family of cough preparations, the second largest brand advertised at Robins, remained a market leader, splitting a 50% market share with Richardson-Vicks' Formula 44. Measured spending was only slightly less than in 1984. Robitussin cough syrup and Robitussin Night Relief, received $7.9 million and $2.6 million, respectively, according to LNA.

Robitussin cough syrup concentrated on network and spot tv, $1.6 million and $6.2 million, respectively. Robitussin Night Relief spending, all on spot tv, dropped 36.6% to $2.6 million.

A new flea and tick control collar for dogs and cats, featuring powder that vaporizes insecticides, led to a 13% sales increase in the Sergeant's pet care product line. Brand spending grew 7.5%, to $5.7 million in 1985.

Measured spending on Parfums Caron, which introduced Le 3e Homme de Caron for men, jumped from $99,000 in 1984 to $700,000 in 1985, all in magazines.

This June, a federal judge appointed an examiner to monitor the company's actions after the company had been cited for civil contempt for making $15 million in unauthorized payments. Earlier in the year, Robins had paid nearly $7 million to former executives and others without the required court approval. The judge declined to go so far as to appoint a trustee, citing the possible adverse effect a trustee might have on company profitability and bankruptcy-law reorganization. Deadline for filing the bankruptcy law reorganization plan has been extended to Feb. 5, 1987.

In September, 1986, the company and a committee of claimants agreed to cuts in pay and bonuses for top officials that included forcing chairman, E. Claiborne Robins, to receive a $1-a-year token salary.

Robins reported in August, 1986, it would sell Robins Communications. The company had been criticized by creditors for "subsidizing" the unprofitable unit consisting of two Greensboro, N.C., radio stations.

In October, 1985, creative for its healthcare lines moved to Scali, McCabe, Sloves, New York, from Popofsky Advertising, New York. Media buying remained with Mil-Mor Media, Richmond, Va..

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 3,575	$ 3,229
Newspaper	0	639
Bus. pubs.	1,032	675
Network tv	6,592	3,845
Spot tv	23,712	27,870
Spot radio	0	325
Network cable	217	85
Farm pubs.	205	192
Total measured	35,332	36,859
Unmeasured	10,000	10,432
Total	45,332	47,291

A.H. ROBINS CO.
1407 Cummings Drive
P.O. Box 26609
Richmond, Va. 23261-6609

PHARMACEUTICALS DIVISION

Marketing Personnel

Gerald K. Wilburn, vp-mktg
W.H. Selberis, group prod mgr
Frank A. Murawski, group prod mgr

CONSUMER PRODUCTS DIVISION

Marketing Personnel

John E. Blutenthal, vp-mktg, healthcare prods
Gary L. James, dir-mktg, healthcare prods
W.E. Lipscomb, vp-mktg, Pet Care
L. Paul Nelson, group prod mgr, Pet Care

Advertising Agencies

Earl Palmer Brown, Richmond—Ethical Pharmaceutical div—Dave Livesay, vp-acct exec; George Woltz, acct exec.

Jordan, Manning, Taylor, Case & McGrath, New York— Sergeant's pet care prods, Donnegal, Chap Stick Lip Balm, Chap Stick, Petroleum Jelly Plus—Jack Taylor, exec vp-acct exec.

Mil-Mor Media, Richmond—agency of record, media planning and purchase, all brands—Carl D. O'Hallanan, president; Mary M. Arnold, vp-media dir.

Scali, McCabe, Sloves, New York—cough and cold remedies—Steward Epstein, vp-acct super.

Sweeney & Partners, Montvale, N.J.—Dime professional journal work, Robitussin, Dimetapp and vitamin prods—Tom Sweeny, president; Rita Buedden, vp.

RANK

Royal Dutch/ Shell Group of Cos. 140

The Hague, Netherlands

($ in millions)

Worldwide	1985	1984	% chg
Sales	94,589	98,492	(4.0)
Net income	3,877	4,884	(20.6)
U.S.	**1985**	**1984**	**% chg**
Sales	20,477	20,898	(2.0)
Operating profits	3,508	4,133	(15.0)
Advertising	60	44	38.5
Division sales	**1985**	**1984**	**% chg**
Oil, gas prods.	6,626	6,707	(1.2)
Oil prods.	15,908	16,658	(4.5)
Chem. prods.	3,444	3,505	(1.7)
Other	306	312	(1.9)

Growth at Shell Oil Co., the U.S. subsidiary of Royal Dutch/Shell Group of Cos., stagnated in 1985, as oil prices dropped in a generally declining economy. The 1986 results so far are proving to be even more worrisome.

Shell's earnings in the first quarter of 1986 fell 6.8% from the corresponding period in 1985 to $276 million on revenues of $4.92 billion, down 0.8%. In the second quarter, earnings dipped 35% to $219 million on sales of $4.16 billion, down 18.4%.

This follows a year in which net income dropped to $1.65 billion, down from a record $1.77 billion in 1984, but still the second highest in corporate history. Earnings were capped by the fourth-quarter 1985 total of $652 million, a quarterly record for Shell. Sales were $20.48 billion, down from $20.9 billion in 1984.

Financial data reported in the text is for Houston-based Shell Oil, whose operations are largely in the U.S. Data in the accompanying box is for Royal Dutch/Shell Group of Cos. Shell Oil in June, 1985, became a wholly owned subsidiary of SPNV Holdings, completing a phased acquisition begun in January, 1984. SPNV, a Delaware corporation, is a subsidiary of Shell Petroleum NV, a Netherlands company, whose voting shares are owned 60% by Royal Dutch Petroleum Co., the Hague, and 40% by Shell Transport & Trading Co., London.

Shell dramatically increased its advertising in 1985, measured spending alone rising 27.7% to $40.3 million. The biggest increase in 1985 ad expenditures came in spot radio, from $9.9 million in 1984 to $17.3 million—more than Shell spent on both network and spot tv. "After all," says Deb McDonald, account supervisor at Ogilvy & Mather, Houston, which handles the Shell gasoline and oil accounts, "people are in their cars, listening to their radios, when they need to buy gas."

During the uncertain business climate in 1985 and 1986, Shell has remained aggressive. It purchased half the Colombian oil holdings of Occidental Petroleum Corp. for $1 billion in June, 1985. It prepared to build a major coal gasification demonstration plant at its Deer Park, Tex., manufacturing complex. Shell and E.I. du Pont de Nemours & Co. signed a letter of intent this May under which Shell will sell Shell Agricultural Chemical Co., a wholly owned subsidiary, to DuPont. Sale price was not disclosed.

Shell continues to stress its gasoline service station business, dropping older, outmoded stations and acquiring new ones—383 last year in the Northeast, Atlanta and Chicago—and modernizing another 4,500, including automating stations and introducing convenience products.

Shell's SU2000 super unleaded gasoline, introduced in 1984, continued its strong performance in 1985. Company gasoline sales increased 8% last year, compared with an industry average of 1.6%, Shell officials say.

As it is with other oil companies, oil and gas exploration and production is the big money maker for Shell, with 1985 earnings of $1.43 billion, up from $1.38 billion in 1984. Oil products, its second biggest division, earned $269 million in 1985, up from $233 million. The company's chemical operations dropped from $132 million in 1984 earnings to $96 million, primarily because of a depressed market in commodity chemicals such as olefins. Shell's other operations—mainly energy, mineral and agricultural commodities—lost $11 million in 1985.

Shell continued its active exploration program in 1985, spending $3.5 billion to find and develop new oil and gas reserves, compared with $3.2 billion in 1984. The expenditures paid off, as Shell in 1985 more than replaced its annual oil and gas production with new reserves.

Most of the company's measured advertising in 1985, or $35 million, backed Shell's gasoline products, almost totally the SU2000 brand. Some $17 million of that was for spot radio, $13.2 million for spot tv, and $4.1 million in magazines, with small amounts in network tv, cable and farm publications. Shell's second largest advertising expenditure for a single product in 1985 was $459,300 for its Blade X herbicide, part of the agricultural chemical division it is selling to Du Pont.

A coordinated radio, tv and print ad campaign began Aug. 15 for SU2000 gasoline, including a computer-animated, 30-second tv spot that stresses, as do the ads in the other media, the high-performance qualities of the brand. The ad campaign, using the theme "Unstoppable," came in part as a response to auto manufacturers' requests that gasoline manufacturers inform the public which of their brands meet the special needs of high-performance, fuel-injected cars.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,177	$2,288
Newspaper	444	1,626
Bus. pubs.	1,101	990
Network tv	1,165	1,643
Spot tv	13,750	10,042
Spot radio	17,290	9,940
Network cable	0	8
Outdoor	93	39
Farm pubs.	2,314	2,538
Total measured	40,333	29,115
Unmeasured	20,000	14,437
Total	60,333	43,552

SHELL OIL CO.
One Shell Plaza
Houston, Tex. 77002
(713) 241-4083

Marketing Personnel

T.K. Stewart, mgr-corp comm
John H. Haines, mgr-adv & sales promo
Ed T. Matthews Jr., adv rep
Ed O. Pierce, mgr-sales promo
J.R. Dowler, mgr-chemical adv & sales promo

Advertising Agencies

Ogilvy & Mather, Houston—consumer adv, including SU2000 and RU2000—Kirk Walden, sr vp-mgmt super; Dave Ryan, acct super-lubricants; Deb McDonald, acct super-gasoline; Dan Durst, acct super-sales promos; Nancy Bolts, acct exec-auto care.

Allen & Dorward, San Francisco—Shell chemicals—W.K. Manos, vp-acct super; Meg Montalvo, acct exec.

RANK

Safeway Stores 169

Oakland, Cal.

($ in millions)

Worldwide	1985	1984	% chg
Sales	19,651	19,642	0.0
Net income	231	185	25.0
U.S.	**1985**	**1984**	**% chg**
Sales	15,390	15,043	2.3
Operating profits	295	281	5.0
Advertising	47	52	(9.0)

Safeway Stores Inc., the giant grocery business that began in the wheat-farming country of Idaho before World War I, on Aug. 29, 1986, passed into the hands of a private New York holding company, SSI, created by investment bankers, Kohlberg Kravis Roberts & Co., New York.

The change in control of Safeway, the country's largest grocery retailer, began to emerge in May, 1986, when offshoots of Dart Group Corp., Landover, Md., began buying Safeway stock, eventually totaling 5.9% of outstanding shares. The Dart Group is controlled by the family of Herbert H. Haft, chairman, and Robert Haft, president. Safeway, citing the Hafts' "manipulative activities," sued Dart and the Hafts in federal court in mid-June to stop their accumulation of Safeway stock.

Dart continued what was regarded as a hostile bid, but on July 31, ceased that attempt. Safeway had agreed earlier in July to a friendly purchase by KKR, leveraged buyout specialists, which last year took control of Beatrice Cos. in a leveraged buyout totaling $6.2 billion.

Safeway was marked by major changes in 1985, including significant restructuring both at home and overseas and a major new national advertising program which bore the theme, "You work an honest day, you get an honest deal at Safeway." Throughout its many sales regions during 1985, Safeway emphasized closing unprofitable or marginal operations. By early 1986 it was operating 206 fewer stores than a year earlier.

Today Safeway has stores in more than 2,300 communities in the U.S., Canada and the U.K. and interest in a western Mexico chain. Over-all, it operates 2,365 supermarkets, 50 warehouses, a fleet of 5,000 vehicles, 19 dairy plants, 16 bakeries, five meat plants, five soft drink bottlers, 15 ice cream plants and 27 other processing facilities for eggs, fruits and vegetables, cheese, jam and jelly, household cleaning products, and other grocery items. Safeway is the largest retail florist in the world and the second largest supermarket drugstore operator.

For a total of $49 million, Safeway sold 23 Safeways in Toronto; the 36-store Germany division, and the 20-year-old Australian operating subsidiary. In addition, the company closed 125 older stores in 1985, all with the same goal of freeing assets in underperforming activities.

During 1985, Safeway opened 100 stores worldwide and projects another 90 during 1986. The chain faces stiff competition from Kroger Co. and Lucky Stores on a national basis and regionally from many tough local chains such as Giant Stores in the East, Jewel Co. in the Midwest and Ralph's and Von's in California.

While Safeway is now widespread in the U.S., its drive for efficiency has removed it from such combative markets as the Northeast and the upper Midwest. In the 1940s, the company had a major presence along the Atlantic Coast and carried both Washington, D.C., and Oakland, Cal., addresses on many of its products. But in the late 1950s it sold about 180 stores in its former New York, New Jersey, Connecticut division, leaving just the Washington and Richmond divisions in the East.

During 1986 it consolidated four of its 17 retail divisions into two, the former Sacramento and San Francisco divisions becoming Northern California, and Spokane and Seattle divisions becoming Seattle.

Of the 1,986 stores now in the U.S., 1,752, or 88% are in 21 of the 24 states west of the Mississippi. Also, the company now has 258 stores in Canada and 121 in the U.K. Safeway now owns 49% of Casa Ley, S.A., a merchandising company in the western sections of Mexico with 11 food and variety stores, two clothing stores, six wholesale outlets and two more large outlets planned for 1986. Worldwide there are 2,365 Safeways.

Before its newest ad campaign, Safeway sailed under the banner "America's Favorite Food Store," a status the company wants to keep. Its current flat sales performance, Safeway says, results from the smaller store total caused by store closings and sales, the lower rate of inflation, drops in foreign currency value and a long labor dispute since settled in Southern California.

To combat these problems, Safeway is adding in-store specialty departments. In 1985, it opened 2,170 new seafood counters, bakeries, soup bars and so on. It also is merchandising to meet the needs of local consumers, providing ethnic foods, later shopping hours, automatic teller machines and better parking. Safeway is upgrading merchandise, meeting price competition, preventing out-of-stocks and installing the latest checkout stations for faster customer service.

Ketchum Advertising, San Francisco, Safeway's corporate agency for the past seven years, was reaffirmed for the job in May, 1985, when asked to make a presentation along with several other agencies. The pitches focused on tv, and Ketchum won with its "You work an honest day" theme. The theme debuted Oct. 9, 1985, in a campaign that includes commercials aimed at particular groups such as females, parents, single males and seniors.

In placing advertising, Safeway's 15 retail divisions act with liberal helpings of autonomy. Each can choose the corporate commercials to run in their divisions and can use different mixes within the division.

Local divisions often develop their own ad compaigns, "but we want them to relate to the national campaign," says Ron Giglio, vp-ad manager.

Safeway's national advertising office in Oakland produces graphic materials that are distributed to the divisional ad offices, avoiding duplication in the production of product art, heads, photography and special holiday materials such as Christmas graphics.

For 1985, Safeway's 11-media spending was down 9%, dropping to $22.3 million. Over-all advertising is estimated at $200 million by Safeway for a range of promotional costs including point of purchase, couponing and other incentives, much of it on a local basis. AD AGE only includes national media or in-kind participation from the corporate headquarters in its measured and unmeasured advertising totals.

Spot tv, the biggest category, fell 6.5%, to $19 million, in 1985 from $20.4 million in 1984. Spot radio was down 49.4%, magazines fell 10%. Outdoor jumped almost fivefold, to $677,000. Spot tv spending of $19 million was 91% of the 1985 budget, a drop from 93% in 1984.

National advertising of the regular Safeway supermarkets continued as the major product category in 1985, amounting to $20.1 million, off 7% from 1984. Food Barn Warehouse Store spending tripled in 1985, climbing to $693,200.

Agency changes include the April, 1985, resignation of Ralph Kent Cooke Inc. as Los Angeles division agency and the merging of that work under Phillips-Ramsey, Los Angeles. Also, the Salt Lake City division awarded its $1.2 million media-buying account to Thomas Phillips Clawson Advertising, Salt Lake City.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,273	$1,414
Spot tv	19,044	20,348
Spot radio	1,325	2,624
Outdoor	677	142
Total measured	22,318	24,528
Unmeasured	25,000	27,475
Total	47,318	52,003

SAFEWAY STORES
Fourth & Jackson Sts.
Oakland, Cal. 94060
(415) 891-3000

Marketing Personnel

Donald Smith, vp-dir-mktg
Ronald Giglio, vp-mgr-adv & promo div
Art Patch, vp-mgr-grocery merch div
Rayburn D. Pearce, mgr-meat div
Robert G. Backovich, vp-mgr-produce div
Timothy J. Hopkins, vp-mgr-variety merch div
Wayne Leader, vp-mgr-specialty foods div
Floyd D. Crowe, vp-mktg mgr-Safeway supply div

Advertising Agencies

Advertising Inc., Oklahoma City, Okla.—Oklahoma div—Todd Van Every, vp-genl mgr; Geri Srite, acct exec; Bill Sammons, adv mgr.

Arnold/Foster/Carrithers, Dallas—Dallas div—Webb Sherrill, president; Howard Riggs, adv mgr.

Bernstein-Rein Advertising, Kansas City, Mo.—Kansas City div—Jim George, adv mgr.

Boyd & Farmer Advertising/Marketing, Scottsdale, Ariz.—Phoenix div—Paul Deason, adv mgr.

Doyle Dane Bernbach, Denver—Denver div—Dave Nusbaum, acct super; Steve Guthrie, adv mgr.

Earle Palmer Brown Cos., Bethesda, Md.—Washington div—Don Zettle, adv mgr; Harry Merrick Jr., Andy Shack, acct execs.

Finnegan & Agee, Richmond, Va.—Richmond div—Tony Strand, adv mgr; Pete Boiseau, Debora Logan, acct execs.

Frank J. Wills Co., Little Rock, Ark.—Little Rock div—Watty Wills, acct exec; Rex Chaney, adv mgr.

Girvin-Conrad & Girvin, Fremont, Cal.—N. Cal. div—Dwight Becker, adv mgr; Al Neish, Ken Lombardo, acct execs.

Ketchum Communications, San Francisco—corp adv—Diane Snedecker, group dir; Carla Emil, vp-acct super; Zonda Montgomery, acct super.

Mithoff Advertising, El Paso, Tex.—El Paso div—Patrick Lowe, acct exec; Lilli Heinrich, adv mgr.

Phillips-Ramsey, Los Angeles—S. Cal div—Cal Gunnell, adv mgr; Ken Dial, acct exec.

Richardson Associates, Portland, Ore.—Portland div—Larry Bohnsack, adv mgr; Shirley Weber, acct & media exec.

Chuck Synder Inc., Seattle—Seattle div—Del Denker, adv mgr; Chuck Snyder, Bob Snyder, acct execs.

Taylor, Brown Barnhill, Houston—Houston div—Kathy May, Candice Goodwin, execs; Reed Campbell, adv mgr.

RANK
Sandoz Ltd. 148
Basel, Switzerland

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	3,396	2,986	13.7
Net income	212	165	28.7
U.S. advertising	55	46	19.9
Division sales	**1985**	**1984**	**% chg**
Chemicals	846	675	25.3
Pharm.	1,572	1,388	13.3
Agri. prods.	241	233	3.4
Seeds	286	275	4.0
Nutrition	450	416	8.2

Sandoz consolidated its otc pharmaceutical companies into a single group, brought its scattered nutrition companies into one location and boosted spending on marketing and advertising largely in support of the reintroduction of the ageless Ovaltine brand and cold remedies.

Sandoz Corp., the New York-based arm of Sandoz Ltd., and which supplies 31% or $1.04 billion of $3.4 billion worldwide Sandoz sales, boosted measured spending 20% to $29.8 million in 11 measured media, including $5 million for four months worth of new Ovaltine advertising, according to Leading National Advertisers.

The new ad campaign was launched in September, 1985, by Sandoz Nutrition Corp., which is reportedly spending $15 million via Needham Harper Worldwide, New York, up from only $630,600 measured in 1984.

Ovaltine, which has maintained a steady 10% share of the slow-growth $509 million milk-additive category (Nestle dominates with Quik, Carnation and Hills Bros. brands), came out hardly looking like Ovaltine. The new product now has powdered milk, a sugar-free strawberry extension, its first strawberry offering, and a sugar-free chocolate flavor. NutraSweet is the sweetening agent for both. Ovaltine plays up its traditional market presence with the theme: "I can't get over Ovaltine," but is latching onto the health kick by spotlighting its nutritious ingredients.

Sandoz linked up with General Mills to place 20¢-off coupons on the back of 20 million boxes of cereal aimed at the children's market, and 20¢-off free-standing inserts for Ovaltine were placed in October and January.

While Ovaltine advertising took off, advertising for Ex-Lax dropped 12%, to $6 million in 1985, and 66% for Denclenz, to $1.24 million. But Gas-X tablets climbed 15% to $2.4 million, and the big budget for four Triaminic cold remedies grew 9% to $9.7 million.

Ovaltine, which restricted its 1984 spending to spot tv, spread its spending over three media in 1985, with $3.1 million in network tv, $197,900 in spot tv, and $1.7 million in network radio. Gas-X was limited to tv, boosting its spending 17% on network, to $2.2 million. Its spot tv spending eased off 5%, to $187,300. Ex-Lax dropped 30% in print spending, to $372,400, slipped slightly 1.4% in network tv, to $5.1 million, and fell 49% in spot tv, to $533,900.

Triaminic cold preparations reduced magazine spending to just $428,900, from $4.3 million a year earlier. Network tv backing jumped to $8.3 million from $3.8 million in 1984, and spot tv rose to $886,500 from $312,500.

Sandoz Corp. is the U.S. umbrella organization tying together the four Sandoz business groups, with their 10 companies spread across the country. Biggest group is Pharmaceutical, based in East Hanover, N.J., also home of Sandoz Consumer Health Care Group, formed by consolidating Dorsey Laboratories, Lincoln, Neb., maker of cough, cold and allergy products (Triaminic) and Ex-Lax Pharmaceutical Co., New York (Ex-Lax, Gas-X and Denclenz).

Consolidated in Minneapolis are various units of Sandoz Nutrition Corp. (Ovaltine, PDQ milk additive, and Featherlight dietary foods).

Sandoz acquired Master Builders, Cleveland, in April, 1986, from Martin Marietta Corp. for $190 million. The company produces specialty construction materials. That same month, it bought for $225 million Velsicol Chemicals Co., from Farley Northwest Industries.

In a major pharmaceutical development, Schering-Plough and Sandoz in May, 1986, agreed to develop jointly Spirapril for treating high blood pressure and congestive heart failure. It is one of a promising new class of hypertension medications called angiotensin converting enzyme (ACE) inhibitors. The ACE medications avoid many of the problems caused by beta blockers and diuretics now used for hypertension. Schering will have co-marketing rights with Sandoz.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,150	$7,137
Newsp. supps.	0	579
Bus. pubs.	868	1,025
Network tv	19,853	12,631
Spot tv	2,786	3,325
Network radio	1,713	0
Spot radio	1,133	5
Network cable	9	1
Outdoor	6	145
Farm pubs.	1,266	0
Total measured	29,782	24,849
Unmeasured	25,000	20,859
Total	54,782	45,708

SANDOZ
608 Fifth Ave.
New York, NY 10020
(212) 307-1122
SANDOZ CONSUMER HEALTHCARE GROUP
Parsippany, N.J.

Corporate Personnel

Max Link PhD, ceo

Marketing Personnel

Robert G. Donovan, vp-prod mgmt, gastrointestine
Michael Carroll, sr prod mgr
Mary Noller, prod mgr
Robert H. Fitzsimmons, vp-prod mgmt, cough/cold
William J. Jones, sr prod mgr
Bennett Curry, prod mgr
Katherine McDonald, asst prod mgr
R. Lewis Schmidt, vp-sales
George L. Varjan, dir-group media services

Advertising Agency

Bloom Agency, New York—Ex-Lax line, Triaminic line—Jeff Fine, chmn; Gail Cerminero, vp-mgmt super; Paul Majier, acct super.

SANDOZ NUTRITION CORP.
Minneapolis

Marketing Personnel

John Bendt, vp-consumer prods
William Rush, vp, clinical prods
John Fontana, vp, food services prods
Charles Bohem, vp-sales, consumer prods
Mark Goldberg, prod mgr, snacks
Jim Tierney, prod mgr, beverages

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—Poppycock, Fiddle Faddle, Screaming Yellow Zonkers—Ron Harvieux, vp-mgmt super.

Campbell-Mithun, Minneapolis—Ovaltine, Featherweight—Howard List, Les Mauser, mgmt supers.

SANDOZ PHARMACEUTICALS CORP.
East Hanover, N.J.

Marketing Personnel

Archie Coker, vp-mktg
Robert Essner, exec dir-prod mktg
Timothy Rothwell, exec dir-field operations
Anthony Sellner, dir-mktg services

Advertising Agencies

Hamilton, Carver & Lee, Chicago—James D. Lee, president.

M.E.D.Communications, Woodridge, N.J.—Parlodel—Tom Rosenwald, sr vp; John Eichert, acct super.

Sieber & McIntyre, Morristown N.J.—Mary Cobb, vp-group dir; Steve Schlossberg, Jim Boland, Duane Taylor, acct supers; Joe Mastracchio, vp-dir client services.

Robert A. Becker, New York—mental health & geriatric prods (Mellacil, Hydergine, Restoril)—Edward Maitland, sr vp-mgmt super; Fred Scheel, vp-group super; Len Pepe, vp-acct super; William Griffith, acct exec; Joan Snell, acct admin.

Romann & Tannenholz, New York—Tavist line—Peter Briggs, mgmt super.

MASTER BUILDERS
Cleveland

Marketing Personnel

Edd T. Parker, president
H.A. Golden, vp-sales & mktg
John James III, comm dir
Suni Coerdt, creative services mgr

Advertising Agency

(In-house) Setco Advertising.

NORTHRUP KING CO.
Minneapolis, Minn.

Marketing Personnel

Chase Cornelius, dir-mktg services
Winfred Bowen, dir-mktg, consumer

Advertising Agencies

Colle & McVoy, Minneapolis—agricultural prods—Duane Leach, Janet McGrath, acct mgrs.

MORE Advertising, Minneapolis—consumer prod, vegetable seeds, intl—Dan Oberpriller, exec vp; Mike Dowell, vp-acct super; Bridget Lindstrom, vp-media dir; Diane Ethier, media planner.

RANK
Scott Paper Co. 149
Philadelphia

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	3,050	2,847	7.1
Net income	201	188	7.0
U.S.	**1985**	**1984**	**% chg**
Sales	2,630	2,537	3.7
Operating profits	318	337	(5.5)
Advertising	55	57	(4.4)
Division sales	**1985**	**1984**	**% chg**
Sanitary papers	2,060	1,823	13.0
Printing, publishing	848	839	1.1
Pulp prod.	143	185	(22.7)

Scott Paper Co. in 1986 is trying to get a leg up on competitors in the hotly contested paper-products business by introducing Kachoos facial tissues for children and Helping Hand, a multi-product line.

Scott, which also added more sections to its paper towel rolls in 1986 as others were down-sizing, continued to build on earnings and sales in 1985, both of which grew by 7% over 1984 returns. In the first half of 1986, the company had a 0.2% increase in net income, to $95.4 million, and sales of $1.63 billion, up 11.9%.

Earnings for the half were held back by an early retirement program implemented during the second quarter, by poor returns in Mexico and reduced earnings from S.D. Warren, Scott's printing and publishing paper subsidiary. The subsidiary's large Mobile, Ala., paper mill suffered from a three-month strike.

In 1985, sanitary paper products accounted for 67% of company sales vs. 64% in 1984.

The U.S. tissue business is a slow-growth area over-all, but cost reductions and strong marketing buttressed Scott's profits in 1985. Measured media spending for ScotTissues declined from $6 million in 1984 to $4.4 million in 1985. Scott recently introduced Kachoos, a children's facial tissue product, to the Midwest and Northeast. Kachoos has been assigned to J. Walter Thompson USA.

The company that invented the paper towel remains the volume leader in U.S. consumer and commercial paper towel markets through four brands that address distinct market segments.

Viva, the quality towel segment entry, received $2.6 million in advertising support, just about matching 1984's $2.7 million in spending. An improved version of Viva was introduced into the western U.S. Super quality entry Job Squad received no advertising support in 1985 and only minimal support in 1984, while budget brand Waldorf also went unadvertised.

The largest backing in Scott's paper towel lineup went to ScotTowels and its narrower version, ScotTowels Jr., which together received $6.4 million in measured media. ScotTowels Jr. relies on the premise that a smaller towel can perform about as well as a regular size towel at less cost. ScotTowels Jr. have been introduced into the South and West, and company spokespersons say they plan to roll the product out nationally later.

Regular-sized ScotTowels enhanced market presence by adding extra sheets to each roll. This summer, ScotTowels began offering the largest sheet-count per roll on the market, as heralded by the advertising theme, "The towel that doesn't run out as often." The enhanced product bears the same price, same quality and same sized sheets.

The $1.4 billion paper towel segment is led by Scott's paper towel trio—ScotTowels, 13% market share; Viva, 8%, and Job Squad, 2%, according to George Adler, paper products analyst for Smith Barney, Harris Upham & Co., New York, who bases his figures on manufacturers' sale prices. The largest selling single brand is Procter & Gamble's Bounty, which garnered a 19% share in 1985, dropping slightly in share from 1984, Mr. Adler says. At the same time Scott edged forward. Kimberly-Clark's value-priced Hi-Dri towels followed Bounty and ScotTowels with a 9% share, while James River Corp.'s Brawny and Georgia-Pacific's Coronet each had a 6% share.

As the fastest growing section of the country, the West was the site of the summer introduction of Scott's seven-item line of household paper products, Helping Hand. Helping Hand products, which include a paper towel, bathroom and facial tissues, and napkins, address the middle quality segment.

Magazines, newspapers and tv spots began in August. To encourage consumer acceptance, the BBDO campaign links the product name to six national children's charities, which receive a five-cent donation from Scott for every consumer purchase of a Helping Hand product. Scott expects to contribute at least $1 million to the charities by year's end.

Scott's four brands of bathroom tissue amassed a combined 23% share of the market, based on unit sales to grocery chains. Manufacturer sale prices make this a $2 billion segment, according to Mr. Adler. Ten of those share points went to ScotTissue, while Cottonelle, Scott's premium brand, and Waldorf, for the budget-conscious, each accounted for a 6% share. Premium brand Soft 'n Pretty, with limited geographic distribution, garnered a 1% share.

On the competitive front, P&G's Charmin, with a 16% market share, outsold Cottonelle, while P&G's White Cloud slipped in market share from 7.8% to 7%, thus failing to catch up to ScotTissue, although ScotTissue also lost 4.3 points during 1985. Advertising for Scott's bathroom tissue lines exceeded *$10 million*, with half that going to Cottonelle, and the least support, $772,300, backing Soft 'n Pretty.

Baby Fresh Baby Wipes led the $209 million premoistened towelette category in 1985, a category up 12% over 1984, according to William McNair, manager of marketing communications at A.C. Nielsen Co. Supported by $3.8 million in advertising, Baby Fresh controlled 25.5% of the market, according to estimates by Pipeline Research, which measures manufacturers' sales to drugstores. Pipeline indicates drugstores sales in the category essentially are the same for all retail outlets.

Wash A-Bye Baby, Scott's value-priced pop-up baby wipes, garnered a 6.9% share, bringing Scott's total market share in baby wipes to 32.4%, a figure echoed by Sterling Drug's Lehn & Fink and Glenbrook Laboratories divisions, which together have four baby wipe products on the market, according to Pipeline. Though Johnson & Johnson's Baby Washcloths would hold a third place with a 9.6% share in the brand name arena, private label baby wipes account for 18% of this fast-growing market, according to Pipeline's analysis.

Scott also is testing an adult premoistened towelette called Sofkins in New England, particularly in the Boston area and upstate New York.

To concentrate on long-term growth objectives, Scott sold its Cut-Rite brand of wax paper products to Reynolds Metals Co. of Richmond, Va., in June, 1986, for an undisclosed price. It acquired in mid-1985 Hoffmaster Co., an Oshkosh, Wis.-based manufacturer of napkins, placemats and tablecovers. Hoffmaster had sales of close to $50 million in 1984.

Scott officials refused to disclose the purchase price.

Scott chairman and ceo Philip E. Lippincott calls Europe "Scott's No. 1 growth opportunity at this time." Value Line analysts agree. Besides investing $40 million to replace its Belgian paper machine, Scott increased its ownership to 100% of Bowater-Scott, the U.K.'s leading sanitary paper products marketer, whose products include the market's leading bathroom tissue, Andrex.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,638	$1,493
Newspaper	637	501
Newsp. supps.	0	6
Bus. pubs.	508	887
Network tv	4,123	5,449
Spot tv	21,436	20,924
Spot radio	163	594
Network cable	111	2
Outdoor	11	86
Total measured	28,626	29,942
Unmeasured	26,000	27,195
Total	54,626	57,137

SCOTT PAPER CO.
Scott Plaza
Philadelphia, Pa. 19113
(215) 522-5000
Marketing Personnel

J. Richard Leaman Jr., exec vp, Scott Paper; president, package prod div
Paul N. Schregel, vp-package prods div-in-home business
James J. Cunningham, vp-package prods div—away-from-home business

Advertising Agencies

BBDO, New York—Viva, Sofkins, Wash A-Bye Baby, Cottonelle, Soft 'n Pretty, Job Squad, new prods—John Firestone, sr vp-mgmt super; Robert Wiesner, acct super; Stuart Marvin, acct exec.

J. Walter Thompson USA, New York—ScotTowels, ScotTowels Jr., ScotTissue, Value Line, Baby Fresh, Kachoos—Jack Morrissey, mgmt dir; Adele Finaly, vp-sr acct super; David Sass, sr acct super; Chris Matthews, sr acct rep; Jerry Frantz, acct exec; Jocelyn Russell, asst acct exec.

Schaefer Advertising, Valley Forge, Pa.—Thomas O'Neill, exec vp; Gregory Gaul, acct super, away-from-home business prod; Charles T. Housam, vp-acct super, washroom prods.

SCOTT PAPER INTERNATIONAL
Marketing Personnel

William S. Wesson, exec vp-Scott Paper, president-Scott Paper Intl.
John J. Butler, vp-Scott Paper, sr vp-services-Scott Paper Intl.

S.D. WARREN DIVISION
Boston
Marketing Personnel

Robert E. McAvoy, sr vp-Scott Paper, president-S. D. Warren
James H. Frick Jr., vp-Scott Paper, div mgr-printing and publishing-S.D. Warren.

PACKAGED PRODUCTS DIVISION
Philadelphia, Pa.
Corporate Personnel

J.R. Leaman Jr., president

In the name of progress

Telesis as in Pacific Telesis Group, San Francisco, means progress intelligently planned and directed. The name was adopted for the West Coast Bell company when it opened for business Jan. 1, 1984, following the breakup of American Telephone & Telegraph.

SmithKline Beckman Corp.

Philadelphia

RANK **157**

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,257	2,949	10.4
Net income	514	504	2.1
U.S.	**1985**	**1984**	**% chg**
Sales	2,342	2,098	11.6
Operating profits	566	500	13.1
Advertising	52	62	(16.2)
Division sales	**1985**	**1984**	**% chg**
Therapeutics	3,296	2,119	55.5
Diagnostics	961	830	15.8

SmithKline Beckman Corp. weathered a product-tampering episode in early 1986 affecting its popular Contac cold remedy, a product withdrawn with others from the shelves and reintroduced in safer form by mid-year, as it experienced continued growth during the year from its Tagamet and Dyazide prescription drugs.

The legacy of the company's voluntary product removal still lives on in financial returns at SmithKline, which took a charg of $8 million against first quarter earnings in 1986 for the removal of Contac, Teldrin and Dietac from the market and a charge of $10 million against second quarter results for the reintroduction of Contac and Teldrin. SmithKline took a third quarter charge of $30 million against earnings for advertising and promotional expenses to reintroduce Contac.

The company reported net earnings of $373.7 million for the nine months, down 2.9% from the prior year period.

SmithKline does not expect additional pre-tax charges for the year. Over-all, the company during the nine months took pretax charges of $57.8 million for an early retirement program and the withdrawal of the three products, and a $40 million pretax charge for reintroducing Contac.

SmithKline during 1985 cut back measured advertising by 16.3% from 1984, to $24.7 million, according to the 11-media monitored for this report. The company reported a drop of 1.7%, to $176 million, in total "advertising costs" reported to the SEC—a figure inflated by nonadvertising and promotion activity.

Measured advertising largely backs the company's SmithKline Consumer Products group, the new name as of May, 1986, for its Menley & James unit. The division went through some upheaval on March 21, 1986, with the voluntary withdrawal of Contac, Teldrin and Dietac from the market following the tampering incident.

The three products together account for about 3% of SmithKline's $3.3 billion in sales.

The company in June reintroduced Contac in two tamper-resistant, 12-hour forms: New caplets and new, see-through, banded capsules. Teldrin, an allergy treatment, also was reintroduced. The two were relaunched this summer as "new" products with an estimated $30 million backing in advertising.

SmithKline has discontinued Dietac, an appetite suppressant, for lack of success.

A shareholder pleaded guilty this August to lacing capsules of the three products with rat poison. He had special stock options on SmithKline that would have allowed him to make a six-figure profit when it lost value, prosecutors said. No deaths occurred from the incident. The tainted capsules were discovered only in Houston and Orlando.

Contac in early 1986 held an 8% share of market in the flat $1.1 billion cold and cough remedies market, tying it with Schering-Plough's Drixoral, a former prescription drug that does no consumer advertising, for fourth place behind Richardson-Vick's Nyquil (12%), and Burroughs Wellcome's Actifed (10%) and Sudafed (9%), the latter two being former prescription drugs.

The Contac share dropped from 10% in the 1984-1985 cold season. During the decline it had tried upbeat advertising from BBDO Inc. themed, "Contact keeps you on your feet." That strategy changed in 1986 to a lighthearted approach from BBDO in which comedian Steve Landesberg said Contac beats the competition, even Mom's chicken soup.

Contac, the most advertised product at SmithKline, received $12.6 million in measured spending in 1985, down 12% from 1984, according to brand spending in seven major media tracked by Leading National Advertisers.

SmithKline products receiving sizable measured media outlays included Congetac tablets, $3.8 million, up 41% from 1984; $4.5 million on Sine-Off sinus remedy, up from $2.4 million in 1984; and $912,000 on the Ecotrin aspirin line, down from $5.2 million in 1984.

The company did not advertise in LNA measured media Teldrin in 1985 after supporting it with $963,000 in 1984.

In support of its big Tagamet franchise, the company introduced an 800 mg once-nightly dosage in the U.S. in April, 1986, for the anti-ulcer drug. Tagamet is the No. 1 best-selling prescription anti-ulcer drug worldwide with a 56% world market share, ahead of fast-closing Glaxo Holdings' Zantac, with a 43% share in the $1.57 billion anti-ulcer world drug market which is expected to grow to $3.13 billion by 1990, according to Kidder, Peabody & Co.

Kidder predicts Zantac will emerge as the leader then with a 56% share, followed by Tagamet with 33% and others with 11%.

However, some analysts believe Tagamet's one-a-day application will stall if not block the Zantac charge. The traditional ulcer drug application is four times a day.

Zantac's growth is traced partially to its reported edge over Tagamet as a maintenance drug in preventing the recurrence of ulcers, a benefit the FDA will have to pass judgment on before it can be incorporated in advertising.

Tagamet makes up 30% of SmithKline's sales, or about $890 million. Dyazide, for treatment of hypertension, dominates the company's cardiovascular segment which reported sales of $311 million in 1985. Dyazide is the most widely prescribed drug in the U.S.

Dyazide is awaiting approval from the FDA for a reformulated version that will enhance the amount of the drug entering the bloodstream, the company says.

Among its new products, SmithKline's Norden Laboratories introduced Leukocell, the world's first vaccine to prevent feline leukemia, in January, 1985. Smith Kline & French Laboratories introduced Ridaura, a new prescription drug for the management of adult rheumatoid arthritis, in May, 1985.

In January, 1986, the company took a 72.5% ownership position in a joint venture to form the nation's largest clinical laboratory network, SmithKline Bio-Science Laboratories. Joint venture partner is Bio-Science Laboratories of American Hospital Supply. The joint venture then acquired Lufkin Medical Laboratories, a clinical testing lab in Minneapolis/St. Paul, in March, 1986.

SmithKline dedicated its new, 300-acre, $200 million pharmaceutical research complex in Upper Merion, Pa., in April, 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,543	$3,847
Newspaper	37	25
Newsp. supps.	339	584
Bus. pubs.	402	56
Network tv	17,683	22,871
Spot tv	2,136	1,856
Network radio	535	0
Spot radio	326	2
Network cable	483	97
Farm pubs.	233	169
Total measured	24,718	29,507
Unmeasured	27,000	32,231
Total	51,718	61,737

SMITHKLINE BECKMAN CORP.
One Franklin Plaza
Philadelphia, Pa., 19101
SMITH KLINE & FRENCH LABORATORIES
Marketing Personnel

Alan J. Dalby, president, SK&F Labs, exec vp-therapeutic prods group
James H. Cavanaugh, president, SK&F Labs, U.S.
John F. Chappell, president, SK&F Labs, intl
Roger A. Ross, vp-mktg
James L. Johnson, vp-gastrointestinal business group
F. Richard Hammel Jr., vp-cardiovascular & rheumatologic, immunologic business group
Munier Z. Kadrie, vp-anti-infective business group
James H. Geddes, vp-natl accts, health affairs
John Dillon, II, vp-new business devel
Frederick C. Foard, dir-mkt rsch

SMITHKLINE CONSUMER PRODUCTS
Philadelphia, Pa.
Marketing Personnel

William E. Learnard, president
Victor R. Galef, vp-mktg
Richard Novak, vp-sales
Richard E. Arnold, vp-prods & business services
Frank E. Downing, vp-finance, admin

Advertising Agency

BBDO, New York—Contac, Teldrin, Feosol—Jack Thorne, sr mgmt rep; David Seal, vp-mgmt super; Bob Forman, acct super; Jeff Soinski, acct exec.

MCA, New York—Sine-Off, Ecotrin, A.R.M.—Steve Brownstein, sr vp; Paul Basquin, vp-acct dir.

SMITHKLINE ANIMAL HEALTH PRODUCTS
Philadelphia, Pa.
Marketing Personnel

Norman H. Blanchard, president
Han van Veen, vp-industrial prods
Gerald Myers, dir-sales and mktg, U.S./Canada

Advertising Agency

Marketing Support Services, St. Joseph, Mo.—Kenneth Shearin, creative & mktg mgr.

NORDEN LABORATORIES
Lincoln, Neb.
Marketing Personnel

Daniel P. Hinnah, president
Beverly Blume, mgr-adv & promo support

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, Omaha—Omar Dye, Wes Newhaus, Kurt Wullschleger, acct execs.

ALLERGAN PHARMACEUTICALS
Irvine, Cal.
Corporate Personnel

Gavin S. Herbert, chmn-Allergan, president-eye & skin care group, SmithKline Beckman Corp
William C. Shepherd, president Allergan U.S.
W. Richard Ulmer, president, Allergan Pharmaceuticals
Donald Earhart, president, Allergan Optical
Robert C. Bishop, Ph.D., president, Allergan Medical Optics
Gerry Hansen, president, Allergan Humphrey
Rex Bright, president, Herbert Laboratories
David Bruns, president, Allergan Intl

Marketing Personnel

William Faulds, vp-U.S. sales, Allergan Pharmaceuticals
Steven Mitchell, dir-mkt planning, Allergan Pharmaceuticals
A. Thomas Bender, vp-mktg & sales, Allergan Optical
Keith Ignotz, vp-mktg & sales, Allergan-Humphrey
Gary Wertz, dir-sales & acting dir-mktg, Herbert Laboratories
John Housden, vp-sales & mktg, Allergan Intl

SMITHKLINE BIO-SCIENCE LABORATORIES
King of Prussia, Pa.
Marketing Personnel

Harry C. Groome, president
Thomas E. Colman, vp-professional services
Robert Polege, vp-sales

Advertising Agency

Botto, Roessinger, Horne & Messinger, New York—Robert Botto, president.

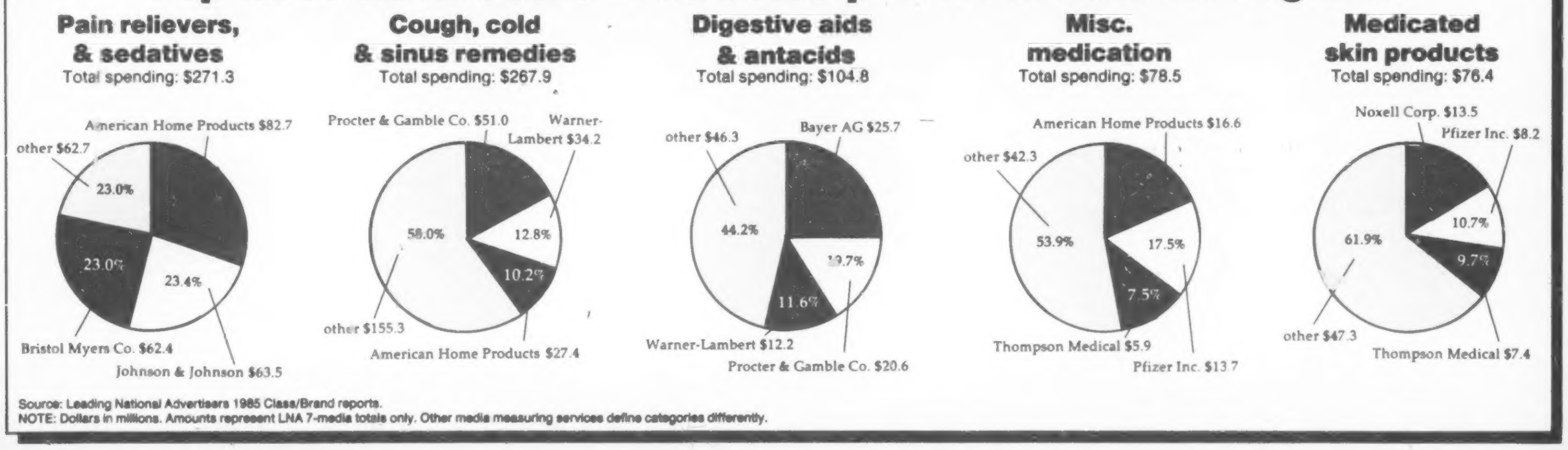
BECKMAN INSTRUMENTS
Fullerton, Cal.
Marketing Personnel

Louis T. Rosso, president John P. Wareham, vp-diagnostic systems group
James Quirk, div mgr-scientific instruments div
Roger Novesky, mgr-Spinco div
Thomas E. Waller, vp-bioanalytical systems group
Robert R. Crittendon, mgr-mktg communications

Advertising Agency

Cochrane Chase, Livingston & Co., Irvine, Cal.—Frank Addis, vp-managing dir, med bioscience group; Gary Cunningham, vp-creative dir; Eileen Goodman, acct rep.

Top three advertisers in selected pharmaceutical categories



Source: Leading National Advertisers 1985 Class/Brand reports.
NOTE: Dollars in millions. Amounts represent LNA 7-media totals only. Other media measuring services define categories differently.

Sony Corp.

RANK **155**

Tokyo

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	5,814	5,162	12.6
Net income	299	292	2.2

U.S.	**1985**	**1984**	**% chg**
Sales	1,964	1,752	11.5
Advertising	52	53	(1.3)

Sony Corp. of America is throwing its ad support behind its expanding lines of compact disc players and 8mm video camcorders as hopes and sales declined for the Beta video format the company pioneered in the early 1980s.

Returns for 1985 showed signs of the worldwide slump in consumer goods as earnings grew only 2.2% on a 12.6% increase in sales. The continued strength of the Japanese yen, following a sharp appreciation at the end of 1985, together with continued intense price competition in world markets and trade friction with the U.S. is hampering earnings for Sony in 1986. In the nine months (ended July 31, 1986) of its current fiscal year, earnings have declined 24%, to $273.2 million, on a 2.7% decrease in sales, to $6.48 billion.

U.S. ad spending for the company fell 17% in measured spending last year, as the company cut most of its major media spending. Measured newspaper ad spending fell 68.3% in 1985, followed by a 40% drop in spot tv, 21% decrease in outdoor spending and a 3% decline in network tv spending. Magazines (not including business publications) increased 60%, although the added spending did not equal levels cut from other media. Cable tv spending also doubled, although spending did not reach $500,000 in 1985.

The company says it will promote overseas production and adjust its prices according to local market pressures. Sony has one of the highest export ratios of any Japanese electronics company: 70% of its sales come from outside Japan, and about half of its total exports go to the U.S. Some 20% of Sony's U.S. sales come from products made in the U.S.—chiefly color tvs and videotape. In 1985, U.S. sales accounted for 33.6% of Sony's net sales, up 11.5% from 1984.

Sales of video equipment, including industrial videocassette recorders and videotapes, accounted for 36.3% of net sales, or $2.43 billion, up 0.7% from 1984. The company attributed the slight gain to sales of 8mm video recorders and cameras, which offset the decline in sales of its Betamax video products.

In August, 1986, the Electronics Industry Assn., Washington, reported year-to-date shipments of color tv sets at an all-time high, up 6%, to 10.7 million this year. Black-and-white tv sales jumped 44% in the first eight months of 1986, and projection tv sets rose 22% for the year to date. Some 7.4 million vcrs were sold to dealers in the first eight months of this year, up 14% from 1985, and camcorder sales rose 328% for the year to date, shipping 573,767 units.

Hoping to stimulate consumer interest in the format, Sony in August, 1986, introduced the SuperBeta HF1000, its most sophisticated Betamax vcr, to replace the HF900 introduced last year.

Sony put its heaviest media spending behind its Handycam, introduced last year, with $7.4 million, 70% of which was in network tv with 21% in magazines and the remainder in spot tv. Sony's Betamax vcrs received the second highest backing, with $3.6 million, although that figure represents a 60% drop in measured ad support from 1984 levels. The media mix was shared almost evenly by network tv, spot tv and magazines in 1984, with 1985 expenditures in those media dropping from 50% to 70%. Betamax camcorder ad spending fell 51%, to only $200,000.

The 8mm format still has an uphill fight in the $7 billion vcr market, faced with heavy consumer saturation of the VHS format and burgeoning sales of the smaller VHS-C camcorders. Wall Street analysts expect 8mm to account for 30% of the vcr market by 1995. Michael Meltzer, Sony's vp-consumer video products, predicts the company will hold 22% to 25% of the camcorder market by yearend with sales of 1 million to 1.3 million units, and 1.5 million unit sales next year.

In June, Sony launched a trade-oriented campaign against JVC Co.'s comparative ad campaign for its own VHS-C camcorder, via SSC&B, New York. A Sony pamphlet circulated at the summer Consumer Electronics Show listed 11 points of comparison between the rival formats, with the headline, "Before you buy into the VHS-C story, read the fine print." A multimedia consumer campaign, begun in June, takes a different approach, depicting the Handycam as a "Moving Snapshots" camera. Sony says the "Moving Snapshots" campaign is its largest ever.

Analysts have tied 8mm's potential success to consumer availability of prerecorded movies on 8mm cassettes. To bolster the underdog 8mm format, Sony and rival Eastman Kodak last April signed agreements with Paramount Pictures and Embassy Home Entertainment, respectively, to distribute popular movies. Currently, 8mm tapes account for only 4% of the $2.7 billion prerecorded videotape market.

In August, Sony introduced a new, top-of-the-line 8mm camcorder, the CCD-V110, with near-professional recording and editing functions, as part of its Video 8 Pro line. The CCD-V110 will roll out this fall with a suggested retail price of $1,995. The Marine-Pack camcorder, a water-resistant version of the Handycam, was introduced last April. The technology was used by the French-American exploration team this summer in recording pictures of the sunken Titantic.

Sales of tv sets rose 22.8%, to $1.72 billion, because of Sony's expansion into the People's Republic of China last year, a similar route that provided growth for competitor Matsushita Electric Industries Co. Sales of tvs worldwide accounted for 25.7% of net sales last year, up from 24% in 1984. Despite the sales increase, Sony decreased its ad spending on color tv sets in 1985 by about 40%, to $3.5 million. Sony's Trinitron sales were up because of increased demand for large-screen monitors. Sony introduced the Black Trinitron tv in Japan in March, 1985, and in the U.S. in April.

Anticipating growing demand for stereo tv sets, 90% of Sony's larger tv sets are equipped to receive stereo broadcasts. Last year stereo tvs accounted for only 5% of all tv sales in the U.S., but are expected to hit 20% by yearend.

Similarly, despite a 50% cut in advertising support to only $520,000, sales of Sony's hand-held Watchman pocket tv sets increased last year, keeping it in the lead of the hand-held tv category. Sony faces increasing competition in the category from Citizens Electronics and Casio, which currently market liquid crystal display tvs. The LCD technology is expected to fuel miniature tv sales to 1.5 million units this year. Sony has said it is testing LCD technology, but is not satisfied with the picture quality.

Audio equipment sales, including Sony compact disc players, Walkman personal stereos and Sony audio tape, rose 24.6% to $1.6 billion last year, and accounted for about 24% of Sony's net sales in 1985. Ad spending on compact discs rose 33% in 1985 and was the only category besides 8mm camcorders to receive increased ad spending from Sony last year.

Sony holds nearly 40% of the booming compact disc market with its portable, tabletop and car stereo cd players. However, as more companies entered the cd market—more than 50 companies now have cd players on store shelves—price pressure dominated name-brand buying. The wide availability of Sony products has left some dealers disenchanted, saying the Sony name-brand leverage they used to have has disappeared.

The company continued to introduce Walkman personal stereos featuring combinations of am and fm radio, tv sound reception, water-resistant construction and auto-reverse functions. In October, 1985, Sony introduced the Super Walkman in Japan, with rechargeable nickel cadmium batteries, the same size as an audio cassette tape.

Sony entered the telephone market this year with the introduction of two answering machines at the winter Consumer Electronics Show.

In February, 1986, Sony consolidated its consumer advertising account at McCann-Erickson, New York, only three days after 8mm-rival Eastman Kodak dropped McCann-Erickson and consolidated $40 million in billings with its two other agencies, Young & Rubicam and J. Walter Thompson USA. Sony's professional broadcast and audio account was moved to Lord, Geller, Federico, Einstein, New York, in August, from Waring & LaRosa.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$8,373	$5,235
Newspaper	3,691	4,919
Newsp. supps.	56	254
Bus. pubs.	2,189	1,389
Network tv	7,095	7,316
Spot tv	4,602	7,477
Spot radio	440	486
Network cable	448	148
Outdoor	5	16
Total measured	26,898	27,240
Unmeasured	25,000	25,318
Total	51,898	52,558

SONY CORP. OF AMERICA
One Sony Dr.
Park Ridge, N.J. 07656
(201) 930-1000

Corporate Personnel

Kenji Tamiya, chmn-ceo
Neil Vander Dussen, president

SONY CONSUMER PRODUCTS
Park Ridge, N.J.
Marketing Personnel

Osamu Naka, president-consumer video prods
John Briesch, president-consumer audio prods
Tom Steckbeck, president, consumer sales div
Jeff Brooks, vp-corp adv
Robert Basso, adv dir
Scott Westover, adv mgr-audio

SONY COMMUNICATIONS PRODUCTS CO.
Park Ridge, N.J
Marketing Personnel

William Connolly, president
Richard Wheeler, sr vp-sales, video comm
William Powers, vp-mktg services
Ron Petty, mktg services dir

INFORMATION SERVICES CO.
Park Ridge, N.J.
Marketing Personnel

J. Philip Stack, president
Robert Bryson, vp-sales & mktg

SONY TAPE SALE CO.
Park Ridge, N.J.
Marketing Personnel

John Hollands, president
John Bermingham, vp-mktg
Nick Hudak, vp-sales

SONY CONSUMER SERVICE CO.
Park Ridge, N.J.
Marketing Personnel

Tom Yuhas, service mktg mgr

SONY INDUSTRIES
Torrance, Cal.
Marketing Personnel

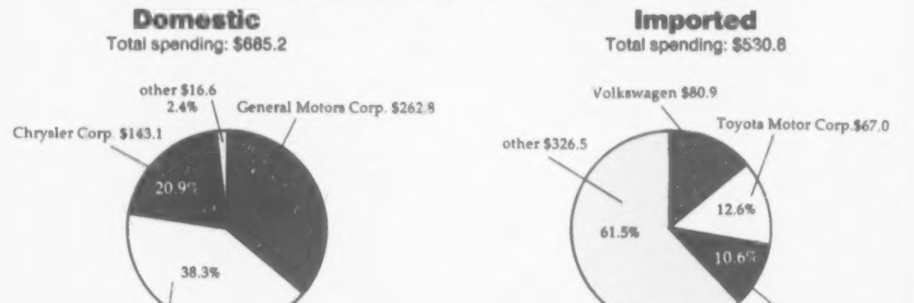
Kevin Finn, vp-genl mgr-component prods div

Advertising Agencies

Lord, Geller, Federico, Einstein, New York—broadcast and professional audio prods—Robert Wells, sr vp-acct super.

McCann-Erickson Worldwide, New York—video and audio consumer electronics, videocassettes, compact disc players—Steve Hurwitz, sr vp-mgmt rep; Joel Fineman, vp-mgmt rep.

Top three passenger car advertisers



Source: Leading National Advertisers 1985 Class/Brand reports.
NOTE: Dollars in millions. Amounts represent LNA 7-media totals only. Other media measuring services define categories differently.

Southland Corp.

RANK **150**

Dallas

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	12,790	12,105	5.7
Net income	213	160	32.6
U.S. advertising	54	41	31.6

Division sales	**1985**	**1984**	**% chg**
Retailing	8,056	7,707	4.5
Gasoline	4,141	3,882	6.7
Food process.	518	444	16.7
Other	70	70	0
Corporate	6	2	200.0

Southland Corp., the nation's leading convenience store operator and the nation's largest independent gasoline retailer, developed a more finely targeted, localized media plan for its 7-Eleven stores division in 1985 reflected in its increased spending for spot radio.

During the year, Southland boosted its measured ad spending by 32% over 1984 to $35.9 million, more than half of which was spent in spot radio, representing a 60% increase over 1984 spending in that medium.

By contrast, Southland's measured expenditures for network tv fell by 71% to $1.3 million in 1985, but measured spending for spot tv rose 19% to $11.4 million in 1985. The new emphasis on local media also boosted outdoor advertising to $2.9 million, a nine-fold increase from 1984. Southland's $19.9 million expenditure on spot radio was four-fifths of total convenience store advertising in the nation in that medium.

Southland, which had used a "Freedom" theme leading up to and after the 1984 Olympic games, abandoned it in early 1985 for "No one keeps you revvin' like 7-Eleven" only to switch a year later to "7-Eleven . . . Oh thank heaven!" The latest theme is derived from Southland's long-running 1969 ad theme, "Oh thank heaven for 7-Eleven."

In the fall of 1985, Southland ended its relationship with Young & Rubicam, New York, which had handled creative for 7-Eleven's broadcast efforts. The company named Hill, Holliday, Connors, Cosmopulos, New York, to succeed Y&R, following an extensive review. The company continued to handle its own radio and print efforts in-house. Camelot Communications, Dallas, continued to handle 7-Eleven's spot tv buys.

The strong earnings picture—up 32.6% in 1985 over 1984—was stimulated in part by improvements in the operation of Southland's Citgo subsidiary. However, in the first half of 1986 the rapid decline in crude oil prices resulted in writedowns of its crude and refined oil products of $153.8 million against earnings resulting in a net loss for the period of $6.9 million compared with a gain of $89.7 million in the corresponding period in 1985 (the company took a writedown of $38 million for the same reasons in the fourth quarter, 1985). Sales for the first half were $6.018 billion, down from $6.1 billion in the 1985 period.

The company's 7-Eleven stores unit achieved sales gains of 8.8% in 1985 over 1984 levels, a gain the company attributed to an 8% increase in merchandise sales and 11.5% higher gasoline sales. The volume of self-serve gasoline, available at 3,213 7-Eleven stores, rose 10% in 1985 to 1.6 billion gallons.

Southland broadened its fresh food concept for 7-Eleven stores in May, 1986, with a major test of branded fast food products. Each concept was installed in markets where the particular brand of fast food is already well known. For example, ten 7-Eleven stores in St. Louis and Kansas City are included in a test with Hardee's, which includes hamburgers and breakfast biscuits served inside the stores. A test with Church's Fried Chicken includes twelve 7-Eleven store in New Orleans and Tampa. A test with Rocky's Pizza includes about 10 stores in Los Angeles and Detroit. Plans are to continue the tests at least through the summer or fall of 1987.

Some analysts raised concerns that the branded fast foods would cannibalize sales of 7-Eleven's own fresh deli sandwiches, hot dogs and nachos. Initial reports from the Hardee's test, however, indicated the test was stimulating sales of all fast food items. Food-service in 1985 contributed $900 million to sales at 7-Eleven stores.

Southland expanded its concept of convenience with a new videocassette rental program, MovieQuik—set for at least 3,000 stores by the end of 1986, and all stores by the end of 1987. The strategy behind MovieQuik, which offers movie cassette rentals for 99-cents a 24-hour period weekdays and $1.99 weekends and holidays, is to bring customers into the store twice per rental—two trips past hot dogs, Big Gulps, candy and chip racks.

Southland became embroiled in a controversy in mid-1986 when the company ordered the removal of *Playboy* and *Penthouse* magazines from the shelves of 4,500 company-owned 7-Eleven stores. The company had long defended its sales of the adult magazines (in covered racks) as a business decision based on customer demand. Southland changed its tune in early 1986, basing its switch on testimony reported in hearings of the U.S. Attorney General's Commission on Pornography that there was a possible connection between adult magazines and crime, violence and child abuse. The company said its decision was not made in response to long-standing objections and demonstrations against Southland and its adult magazine policy by the Mississippi-based National Federation for Decency.

Southland is testing an unmanned automatic gasoline payment system in which gas purchases at 7-Eleven stores may be paid for at the pump with a debit card or with cash.

And to reduce its direct exposure to the dramatic and costly margin swings in the refining and the wholesale marketing of refined gasoline products, Southland sold 50% of its Citgo Petroleum Corp. subsidiary to Petroleos de Venezuela S.A., the Venezuelan state-owned oil company for about $300 million.

Southland extended Automated Teller Machines (ATMs) into more than half the 7-Eleven stores and plans to equip most stores by 1987. Southland and MoneyMaker, the subsidiary of First Texas Savings Assn., Dallas, which operates 650 ATMs in Texas 7-Eleven stores, have used several promotions to drive consumers to use the ATMs, which increased by 30% during a May "Sure Thing" game. In that game, ATM users received prizes in the store and also won $100 to $1,000 when the ATM number of their transaction tickets matched the serial number read over the air at Dallas' KVIL-FM.

Southland promoted president Jere W. Thompson to the added post of chief executive officer in May of 1986. He succeeds his brother John P. Thompson, who continues as chairman.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$110	$308
Newspaper	48	7
Bus. pubs.	255	227
Network tv	1,297	4,418
Spot tv	11,383	9,559
Spot radio	19,926	12,479
Network cable	3	18
Outdoor	2,908	292
Total measured	35,929	27,308
Unmeasured	18,000	13,681
Total	53,929	40,989

SOUTHLAND CORP.
P.O. Box 719
Dallas, Tex. 75221
(214) 828-7011
Marketing Personnel

Jere W. Thompson, chmn
S. Richard Dole, exec vp-retail stores
John Antioco, natl mktg mgr-retail stores
John Shanahan, mgr-adv & promo
Mark James, mgr-adv
Frank Byrley, electric services mgr
John Drake, mktg devel mgr
Dick Reinhard, mgr-foodservice
Bill Wootten, vp-genl mgr-specialty retail
Ken Cason, natl adv mgr-specialty retail
Paula Hunt, co-op adv mgr-specialty retail

Advertising Agency

Davis, Johnson, Mogul & Colombatto, Los Angeles—specialty retail div—Lee Dick, mgmt super; Linda Ward, acct super.

Hill, Holliday, Connors & Cosmopulos, New York—retail store div—Malcolm MacDougall, president-creative dir; Christine Miller, sr vp-mgmt dir; Lynne Seid, vp-mgmt super; Tom Butta, acct super.

Richards Group, Dallas—dairies div—Jim McGhee, acct super; Pat Kirwan, acct exec.

Merrill Lynch and who?

Merrill Lynch & Co. grew out of the friendship between Charles Merrill and Edmund Lynch. Both reached New York in 1907, with Mr. Merrill, the son of a Florida doctor, coming by way of Amherst College and the University of Michigan law school, and Mr. Lynch, coming from Johns Hopkins University. They met while exercising at the 23rd Street YMCA, where Mr. Lynch had come to find someone to share his boardinghouse room. The two worked at different jobs over the next seven years before Mr. Merrill founded his own company and persuaded Mr. Lynch to become a partner. There was a comma between the names in the corporate logo until Mr. Lynch died in 1938. Mr. Merrill died in 1956. The company has carried up to five names in its nameplate over the years (Merrill, Lynch, Pierce, Fenner & Beane in 1941), before paring back to those of the founders in 1973.

Southwestern Bell Corp.

RANK **108**

St. Louis

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	7,925	7,191	10.2
Net income	996	883	12.8
U.S. advertising	70	56	26.5
Division sales	**1985**	**1984**	**% chg**
Local service	3,036	2,838	7.0
Network access	2,656	2,236	18.7
Long distance	891	912	(2.3)
Directory adv.	948	744	27.4
Other	394	459	(14.2)

Southwestern Bell Corp. is plunging into national markets for publishing and cellular radio in an effort to diversify beyond its regional telephone operations. Southwestern Bell, one of seven regional holding companies created in 1984 by the breakup of American Telephone & Telegraph, also announced a corporate restructure that took effect Oct. 1, 1986.

In a preemptive move, Southwestern Bell agreed to purchase Secaucus, N.J.-based Metromedia Inc. and other smaller companies' paging and cellular telephone operations for a total of $1.2 billion. The offer was designed to prevent Metromedia from splitting up its assets, which would allow other companies to bolster their positions in the cellular market, says Don Lottmann, vp-corporate communications for Southwestern Bell.

The company hopes to complete the acquisitions by the end of 1986, although it may take longer to obtain judicial and regulatory approval, he says. The acquisitions would vault Southwestern Bell into the lead in the national personal communications market with ownership interest in six cellular systems and paging operations in 19 metropolitan areas.

Southwestern Bell now ranks 11th among cellular companies, serving population of 7.2 million, which is an adjusted figure based on multiplying the company's ownership percentage times the population covered in the franchise.

Southwest Bell will be the largest cellular company, serving an adjusted population of 24.5 million. Next is Bell Atlantic, serving an adjusted 16.1 million, and Pacific Telesis, serving an adjusted 15.9 million. Metromedia also is the largest paging company, with 506,000 pagers, compared with second-place Graphic Scanning, Englewood, N.J., with 300,000 pagers, all according to studies by Arthur D. Little and Frost & Sullivan.

Analysts say the acquisition expands the company beyond its regional market characterized by sagging oil and agricultural industries. "It helps them out of the oil patch," says Pat Jurczak, investment analyst and vp-research at E.F. Hutton & Co., New York.

Southwestern Bell's performance has lagged behind the other regional Bell companies. In the first nine months of 1986, Southwestern's revenues were $5.89 billion, virtually unchanged from the same period in 1985, and net income was $741.5 million, down 3% from 1985.

Southwestern Bell is pinning a portion of its new strategy on its growing publications unit, the main directory publishing arm of the Bell System before the breakup. The company redirected most of its measured media spending in 1985 to the publishing unit, increasing measured spot tv 127% to $14.8 million. Measured spot tv for Southwestern Bell Telephone, the main operating subsidiary serving a five-state area, fell to $2.3 million in 1985, 18% of its 1984 level. Southwestern Bell shifted $1.4 million in measured media for the telephone unit and corporate promotion to magazines. Over-all, measured magazine spending jumped 190% to $2.3 million.

The publications unit is competing with Southwestern's former siblings, the regional Bell companies, as it starts new ventures and grows through acquisitions. In an aggressive move, the unit announced plans to publish Yellow Pages for Manhattan, Baltimore, Washington D.C., and North Chicago beginning next year. The company published Yellow Pages for Pinellas County, Fla. in September, 1986.

Southwestern's New York book, scheduled for January, 1987, publication, is an outgrowth of the 1985 acquisition of New York Yellow Pages, a series of neighborhood directories formerly known as Blue Books. It competes directly with Nynex Yellow Pages, published by New York Telephone Co.'s Nynex Information Resources, and is the focus of an advertising battle between the two regional companies. Nynex labeled Southwestern "The Clone Book."

Neil D. Yelsey, an analyst with Salomon Brothers, New York, says it will take time to determine whether Southwestern can penetrate the New York market. "Let's face it, the typical kitchen only needs one Yellow Pages, he said, "Will New Yorkers distrust a Yellow Pages with Southwestern Bell in its name?"

Southwestern's publishing unit also acquired Overland Park, Kan.-based Mast Advertising & Publishing in July, 1985, for $120 million from Continental Telecom, Atlanta. The acquisition gives the publishing unit Mast's in-house national sales unit in addition to 523 directories published by Mast.

In September, 1985, the publications unit also acquired J.C. Blake Co., an El Cajon, Cal.-based directory and map publisher for an undisclosed price, bringing the number of directories published by Southwestern to more than 1,000. The publishing unit also plans to add another 45 Silver Pages senior citizens discount directories by the end of 1986, bringing the total to more than 90 markets.

Southwestern Bell is the last regional Bell company to restructure. Its officers have served dual roles as officers of the corporation and of the telephone subsidiary.

In the internal restructure, John E. Hayes Jr., formerly executive vice-president and chief financial officer, was named president and ceo, Southwestern Bell Telephone, a title formerly held by Zane E. Barnes, who remains president and chief executive officer, Southwestern Bell Corp. An office of the chairman was created to oversee Southwestern's growing level of activities in operations not related to the telephone subsidiary. Three vice-chairmen were named: Gerald D. Blatherwick, human resources and corporate communications; Robert G. Pope, corporate development, and Edward E. Whitacre Jr., cfo.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$2,266	$783
Newspaper	7,286	5,798
Newsp. suppa.	595	299
Bus. pubs.	384	10
Spot tv	24,295	19,461
Spot radio	7,977	7,406
Network cable	5	0
Outdoor	192	228
Total measured	43,000	33,985
Unmeasured	27,000	21,339
Total	70,000	55,324

SOUTHWESTERN BELL CORP.
One Bell Center
St. Louis, Mo. 63101
(314) 235-9800
Corporate Personnel

Donald Lottmann, vp-corp comm

Advertising Agency

D'Arcy Masius Benton & Bowles, St. Louis—Edward C. Barnidge Jr., sr vp-mgmt super; William Mund, vp-group super.

SOUTHWESTERN BELL
TELEPHONE CO.
Marketing Personnel

John Atterbury III, vp-mktg
Larry Alexander, vp-pr

Advertising Agency

D'Arcy Masius Benton & Bowles, St. Louis—Edward C. Barnidge Jr., sr vp-mgmt super; Gail Foster, vp-acct super.

SOUTHWESTERN BELL
PUBLICATIONS
Marketing Personnel

Ronald Jennings, exec vp-sales
Marty Berg, asst vp-corp comm

Advertising Agency

Gardner Advertising, St. Louis—Yellow pages—Doug Herrman, Greg Mauldin, acct supers; Kevin Reardon, acct exec; Jill Hritzkowin, asst acct exec. Silver pages/corp recruitment—Doug Herrman, acct super; Carol Perry, acct exec; Sherry Novak, asst acct exec.

SOUTHWESTERN BELL
TELECOM
Marketing Personnel

Dave Kallemore, vp-mktg
Dawn Callier, vp-pr

Advertising Agency

D'Arcy Masius Benton & Bowles, St. Louis—Edward C. Barnidge Jr., sr vp-mgmt super; William Mund, vp-group super.

SOUTHWESTERN BELL
MOBILE SYSTEMS
Marketing Personnel

Harold D. Nance, vp-mktg
Robert Digneo, dir-pr & adv

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, Dallas—Toby Wesson, vp-mgmt rep; Beth Getchell, acct exec; Alicia Smith, asst acct exec.

Squibb Corp.

RANK **167**

Princeton, N.J.

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	2,042	1,886	8.3
Net income	227	197	14.9
U.S.	**1985**	**1984**	**% chg**
Sales	1,213	1,136	6.8
Operating profits	211	158	33.8
Advertising	49	37	30.4
Division sales	**1985**	**1984**	**% chg**
Pharm.	1,197	1,090	9.8
Medical prods.	412	396	4.0
Personal care	432	400	8.0

Squibb Corp. has moved to meet opponents by splitting the company into separate, trimmer units, pushing for U.S. approval of several pharmaceuticals, and increasing marketing spend-

BE A BIG FISH.
TUSCALOOSA, ALABAMA
YUMA, ARIZONA
EL CENTRO, CALIFORNIA
TRAVERSE CITY-CADILLAC
CHEBOYGAN, MICHIGAN
LAUREL-HATTIESBURG,
MISSISSIPPI
FRAGILE

If you're not advertising on Beam Communications' TV stations, you're missing a big share of several rich new markets.

It's simple: there are little fish. And there are big fish. Which would you rather be?

BE A BIG FISH

BEAM COMMUNICATIONS

WDAM-TV, NBC, Laurel-Hattiesburg, MS
KYEL-TV, NBC, Yuma, AZ – El Centro, CA
WPBN-TV/WTOM-TV, NBC, Traverse City – Cadillac – Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Represented by Katz Continental

Source: 1985 Survey of Buying Power

ing.

The big ad spender at Squibb is its Personal Care Group, alias Charles of the Ritz Group Ltd., one of Squibb's three industry segments. The New York-based subsidiary boosted measured ad spending for the fragrance and beauty care line 30% in 1985 to $18.9 million.

In October, 1985, CRG moved its business from Advertising to Women, New York, to Rosenfeld, Sirowitz & Lawson, New York.

CRG pushed advertising spending notably higher for several brands: the Krystal line of bath products, perfume and cologne, soared to $4.2 million in 1985 from $1.7 million in 1984; the varied Jean Nate line rose 67%, to $4.23 million; Bain de Soleil sun-care items rose 39% to $4.1 million. Enjoli perfume fell 38% to $2.04 million, and Yves St. Laurent line dropped 69%, to $87,000; Opium perfume was flat at $718,300, as was Kouros cologne for men, at $401,900.

The balance of Squibb measured advertising has gone primarily for vitamins, with Theragran tablets claiming $4 million, up from $596,500 in 1984 when ET Vitamins received $2.3 million. ET was not advertised in 1985. Theragran and other Squibb Mark division products were moved this October from Ogilvy & Mather to DFS Dorland Worldwide.

In unmeasured advertising, Squibbed in the summer 1985 tucked a 50¢-off coupon for either Theragran, Theragran-M or Stress Formula vitamins inside each of 4 million No Nonsense pantyhose packages.

In July, 1985, the FDA approved the U.S. sale of its Capoten brand of capotril for treating high blood pressure and congestive heart failure, a compound that had $295 million in international sales in 1985. Capoten opens up a new class of blood pressure treatment with its so-called ACE inhibitor (angiotensin-converting enzyme) that avoids problems of dizziness, depression and impotence caused by diuretics and the side affects on blood chemistry that can be caused by betablockers. ACE inhibitors reduce the constriction of blood vessels.

Squibb, encouraging entrepreneurship, in April, 1986, divided its big Pharmaceutical group into four separate businesses responsible for prescription drugs, marketing of otc and patent-expired products, the sale of diagnostic lines, and the use of computer communications as a sales service to physicians. By year's end, Squibb will spin off its three medical electronics units—Advanced Technology Laboratories, Spacelabs Inc. and Squibb Medical Systems onto a new company, Westmark International Inc., to be 10% owned by Squibb.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,923	$3,541
Newspaper	0	3
Newsp. supps.	31	0
Bus. pubs.	483	27
Network tv	9,000	10,798
Spot tv	6,229	3,536
Network radio	1,837	394
Spot radio	71	0
Network cable	293	0
Outdoor	3	0
Total measured	23,870	18,299
Unmeasured	25,000	19,165
Total	48,870	37,464

SQUIBB CORP.
P.O. Box 4000
Princeton, N.J. 08543-4000
(609) 921-4000

Corporate Personnel

Richard M. Furland, chmn-ceo
Dennis C. Fill, president-coo

PHARMACEUTICAL PRODUCTS GROUP
Princeton, N.J.

Marketing Personnel

Jan Leschly, president-ceo; group vp-Squibb
J.A. McClintic, vp-mktg planning, E.R. Squibb & Sons
Dr. D.A. Corchiari, vp-mktg dev, Squibb International
D.J. Murphy, dir-mktg services, Squibb United States
R.D. Samples, natl sales dir-Princeton Pharmaceutical Products
J. Keith, dir-mkt planning, Princeton Pharmaceutical Products
K.F. Anderson, business area dir-consumer prods, Squibb
D.B. Reynolds, business area dir-multisource, topicals, Squibb
Dr. J.S. Sonk, new prods planning dir, Squibb
N.E. Ferzoco, natl sales dir, Squibb
J.C. Shah, dir-mkt devel, Squibb Intercontinental
R.C. McTigue, dir-mktg, Squibb Intercontinental

Advertising Agencies

Botto, Roessner, Horne & Messinger, New York—Squibb Diagnostics—Bob Botto, president; Tricia Morgan, acct exec.

Bozell, Jacobs, Kenyon & Eckhardt, New York—Squibb-Novo—Berta Ledecky, exec vp-creative dir; Robert Leverte, president-ceo; Wes Hostetler, group acct super.

DFS Dorland Worldwide, New York—Theragran multivitamin, Pro-chol fish oil gel caps—Rich Prunder, mgmt dir; Joe McCarthy, acct super; Brenda Hughes, acct exec.

Grey Medical Advertising, New York—Capoten, Prolixin—Shirley Young, president.

Sieber & McIntyre, Morristown, N.J.—anti-infectives—Joe Mastracchio, acct staff.

MEDICAL PRODUCTS GROUP
Princeton, N.J.

Marketing Personnel

J.G. Solari, sr vp-Week Companies
K.B. Grealey, president, Richard Weck & Co.
R.M. Goffredo, president, Weck Medical Instruments

Advertising Agencies

Gross, Townsend, Frank, Hoffman, New York—Ostomy & specialty prods—Charlene Prounis, acct exec.

Hall Decker McKibben, Englewood, N.J.—Weck Medical—Joe Ryan, vp-acct services.

Penchina, Selkowitz, New York—Humanicare—Bob Morgan, acct mgr.

Simms & McIvor, Bound Brook, N.J.—Wound care—Nancy Masterson, acct exec. (Agency now pending for Edward Weck).

CHARLES OF THE RITZ GROUP

Marketing Personnel

Robert H. Miller, president-ceo
Kristina Wrba, group vp-Charles of the Ritz group, president-designer/cosmetic div
Loretta Garcia, vp-mktg, Yves Saint Laurent
Michael Gannaway, vp-genl mgr, Charles of the Ritz
Walter Klingman, vp-mktg, Alexandra de Markoff
Timothy A. Hogan, group vp-Charles of the Ritz group, president-fragrances, beauty & personal care div
Tedd Thimas, vp-genl mgr, fragrance & beauty care group
Susan Denision, sr vp-mktg, fragrance
Kathleen White, sr vp-mktg, body & skin care
Dominique Langlois, vp-mktg, environmental fragrance technology
Deborah Bloch, vp-mktg, Fila
Derek Mortelman, group vp-Charles of the Ritz group, president-intl div

Advertising Agencies

Lord, Geller, Federico, Einstein, New York—Charles of the Ritz brand, Alexandra de Markoff brand—Richard Lord, ceo; Arthur Einstein, president; Bruce Albert, sr vp-managing dir; Kevin O'Neill, sr vp-creative dir, Charles of the Ritz brand; Lynn Stiles, vp-group creative dir, Alexandra de Markoff brand; Diane Keller, acct super.

Rosenfeld, Sirowitz & Humphrey, New York—Yves Saint Laurent brand; fragrance, beauty & personal care div—Steve Humphrey, president; Ron Rosenfeld, co-chmn; Len Sirowitz, co-chmn; Linda Srere, exec vp-dir acct mgmt; Veronica Heitbrink, vp-mgmt super, Yves Saint Laurent; Roberta Weinstein, vp-mgmt super, fragrance, beauty & personal care div; Nancy Brodsky, acct super, Enjoli & Dynasty collection; Claire Tondreau, acct super, Bain de Soleil & Jean Nate.

Levi Strauss & Co.

RANK **101**

San Francisco

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,570	2,496	3.0
U.S. advertising	71	135	(47.7)
Division sales	**1985**	**1984**	**% chg**
Jeans Co.	1,500	1,400	7.1
Battery St.	512	485	5.6
Int'l.	558	591	(5.6)

Restructuring and selling many of its U.S. and international operations has created a leaner Levi Strauss & Co. in 1986—one with a sharper focus on jeans, its strong suit—since the company went private in a $1.45 million leveraged buyout in August, 1985.

And a hard and lean profile may be exactly what it takes to maintain a leadership position in the competitive $6 billion domestic jeans industry.

Levi's once dominant lead in the market shrank dramatically this summer when rival VF Corp. (Lee jeans), the nation's third-largest marketer of jeans, acquired Blue Bell Holdings (Wrangler), second largest, for about $378 million. The merger gives VF an estimated 30% share of the market.

Industry statistics generally place Levi's share in the 30% range, although some analysts point out that some erosion may have occurred.

Levi's leads the measured spending in the seven media monitored by Leading National Advertisers, with $25 million, followed by competitors in the jeans and sportswear category: VF (Lee) $15.8 million; Jordache $13.9 million; Blue Bell (Wrangler) $6.8 million; Henry I. Siegel (Chic) $5.6 million; MGA French Boutique (Guess) $5 million; Calvin Klein $3.3 million.

Reflecting the impact of cutbacks and the paring of many of its U.S. and international operations in 1985, the worldwide advertising expenditures of Levi Strauss experienced sharp reductions, particularly in the sportswear lines.

Ad spending for jeans and closely related separates, the company's main focus, dropped 13.8% to $20.7 million in 1985 from 1984, according to LNA. The decline was less than the over-all cutback of 31% from a record $122 million spent in 1984 on U.S. advertising to $84 million in 1985. Levi Strauss had an extraordinary promotional year in 1984 that included the company's major sponsorship of the Olympic Games. An estimated $30 million spending in the international market elevated that figure to $152 million. Ad spending for 1985 totaled an estimated $84 million, including $55 million of unmeasured media expenditures. The unmeasured costs included a substantial amount of cooperative advertising with retail distributors. The extent of the company's massive involvement in the co-op effort varies from product to product and season to season, but its participation with retailers ranges from 50/50 to as much as 65% and represents a major share of Levi Strauss advertising.

At The Jeans Co., producer and marketer of jeans and jeans-related products under the Levi's label in the U.S., the "501 Blues" spots continued to stimulate consumer demand for Levi's basic products, pushing sales of men's jeans over the $1 billion mark for the first time. The 501 marketing campaign increased dollar sales in the 501 family of products by 50% over 1984, bettering the 20% jump recorded in 1984 over 1983, the first year of the "501 Blues" tv commercials by Foote, Cone & Belding, San Francisco.

The Jeans Co. had sales of $1.5 billion in 1985, up 5% from 1984. Profits were up substantially from 1984 because of sales of more profitable products, lower fabric costs and lower operating expenses. Men's jeans sales hit a record high of $1 billion, while both women's jeans and youthwear had sales declines. All three units, however, showed an improvement in profit over 1984.

The company focused on the strength of the Levi's brand by emphasizing basic products. Product lines were trimmed and creative steps were taken with core items, such as marketing 501s in black, white and gray, improving youthwear's Hardwear jeans and introducing Special Reserve jeans for more mature customers. In short, the company got back to its main business of making jeans and closely related separates.

All three of Levi's divisions marked gains for the first half of 1986, with The Jeans Co. posting a 10.7% gain on sales of $675.1 million. Battery Street Enterprises had sales of $266.7 million for a 2.6% gain and Levi Strauss International registered sales of $324.6 million, up 23.5%. The privately held company does not release earnings figures.

Reorganization during the past year is set to eliminate Battery Street Enterprises, which had been created to handle small licensed designer business, outside of the company's traditional jeans and jeans-related clothing. Men's and women's sportswear were transferred into a new division known as Levi Strauss Sportswear, headed by Thomas Kasten, a 20-year veteran at Levi Strauss.

Since becoming a private company, Levi Strauss has announced plans to sell Koret women's separates and entered into a preliminary agreement to sell the Oxford men's clothing operations. The company has sold its Resistol hat business and reported the license for Perry Ellis America will be transferred to Manhattan Industries, currently manufacturing the Ellis Portfolio collection. Battery Street Enterprises and designer Andrew Fezza also agreed to discontinue marketing sportswear under the Andrew Fezza label.

Levi Strauss International, which sells products in 70 countries, embarked on a new strategy in 1985 stressing the marketing of traditional jeans products. International managers have redesigned their organizations, shed unprofitable products and built up share of their individual jeans market.

The moves resulted in the closure of 16 facilities worldwide and a 2,850-person reduction in the work force.

The 501 family of jeans, direct descendant of the original over-alls designed by the company's founder, continued to get the lion's share of the slimmed-down 1985 ad budget. Measured media figures for 1985 show the family jeans category received $8.3 million in ad spending, up almost $1 million from the previous year.

Otherwise, measured ad spending was down across the board. Men's jeans accounted for about $7 million, down 27%, and women's jeans received $5 million, down 26.5%.

The biggest budget reductions occurred in the Levi's sportswear categories, with the family group measured at just $2.6 million, on the heels of a $19 million expenditure in 1984. Men's and women's sportswear shrank to a combined total of $1.2 million in 1985, from $4.7 million.

Network tv was the big loser, dropping to $11.4 million, from $20.5 million in 1984. About 82% of the network tv spending in 1985 was for jeans.

Midsummer, 1985, saw the kickoff of a $20 million campaign in print, radio and tv for the 501 jeans line. The eight new tv spots were a favorite with the buying public. At the same time, the company kicked off a $500,000 Spanish-language tv campaign in key markets, for the first time going after the Hispanic market, the fastest growing segment of the U.S. population.

One of the Hispanic spots promoted the pants' appeal in the blue-collar work place by following a Mexican-American through a typical day as a welder. Original Latin rock music, titled "Making It," accompanied the spot, which ran on Spanish-language stations in Phoenix and Tucson, Ariz.; Los Angeles, Sacramento and Stockton, Cal., and Dallas-Fort Worth, El Paso, San Antonio, McAllen and Brownsville, Tex.

In 1986, the same "501 Blues" format was used in the 501 jeans commercials, this time in 11 new spots. The company also made several 60-second network buys in prime time for the first time. Once again, the spots were supported by extensive in-store promotions, including video, posters, clerk buttons and fit guides, as well as a retail incentive program and product publicity.

This opening salvo for jeans was followed in August by a $4 million multimedia effort for Hardwear jeans, a new knee-reinforced jean for children.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,608	$7,138
Newspaper	39	180
Newsp. supps.	123	141
Bus. pubs.	15	0
Network tv	11,407	42,244
Spot tv	3,900	3,992
Network radio	734	23
Spot radio	2,708	321
Network cable	4,437	1,520
Outdoor	68	9
Total measured	29,037	55,568
Unmeasured	41,600	79,610
Total	70,637	135,178

LEVI STRAUSS & CO.
LEVI'S PLAZA
1155 Battery St.
P.O. Box 7215
San Francisco, Cal. 94120
(415) 544-6000

THE JEANS CO.

Marketing Personnel

John Ankeny, vp-mktg
Linda Aletto, consumer mktg dir
Maureen Moriarity, consumer mktg dir, men's jeans
Julie Palley, consumer mktg dir, youthwear
Stacey Bovero, special events group mgr
Cindi Sullivan, adv mgr, Levi's 501 jeans
Julie Klee, sales promo mgr

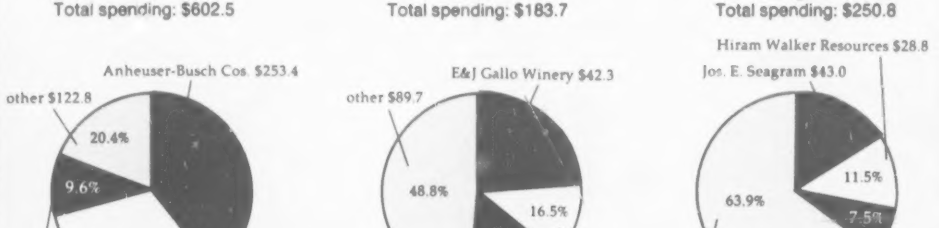
LEVI STRAUSS SPORTSWEAR
San Francisco, Cal.

Marketing Personnel

Steve Goldstein, consumer mktg dir, menswear
Jim McCarthy, adv mgr, menswear
Nancy McCready, consumer mktg dir, womenswear

Top three advertisers of alcoholic beverages

Beer Total spending: $602.5
Wine Total spending: $183.7
Liquor Total spending: $250.8



Source: Leading National Advertisers 1985 Class/Brand reports.
NOTE: Dollars in millions. Amounts represent LNA 7-media totals only. Other media measuring services define categories differently.

Advertising Agency

Foote, Cone & Belding, San Francisco—Denny Wilkinson, sr vp; Mike Koelker, exec creative dir; Barbara Palley, vp-mgmt super; Ted Block, mgmt super; Laurel Hollis, Ann Paustian, acct supers; Alan Jewitt, Phil Falzarano, Mike Murphy, acct execs.

Tambrands Inc.

RANK 175

Lake Success, N.Y.

($ in millions)

Worldwide	1985	1984	% chg
Sales	421	390	7.8
Net income	58	59	(1.7)

U.S.	1985	1984	% chg
Sales	313	295	6.2
Operating profits	45	37	22.3
Advertising	44	47	(5.8)

Tambrands Inc., a leading marketer of feminine hygiene products, continues to broaden its interest in new areas. In 1985, it introduced home diagnostic kits for women under the First Response brand name and purchased a regional cosmetics company.

Tambrands, which is celebrating its 50th anniversary this year, spent 45 of those years marketing a single product, Tampax tampons. But five years ago it began to diversify with the introduction of Maxithins pads for feminine protection.

Although the company continues to hold a comfortable 54% share in unit sales of its flagship product, Tampax tampons, the toxic shock syndrome scare of the early 1980s taught Tambrands the folly of leaning on a single product and the importance of developing or purchasing new ones.

That scare led Tambrands to fund laboratory work to uncover the cause and cure of toxic shock syndrome. Findings in 1985 led the company to replace tampon products made with polyacrylate fiber; this replacement resulted in a one-time cost of $4.3 million. The cost lowered net earnings to $57.9 million, down 1.7% from 1984, as revenues grew 7.8%. Through the first six months of 1986, Tambrands reports net income of $36.1 million, up 9%, and net sales of $242 million, up 22% from the corresponding period in 1985.

Following a test run in the spring of 1985 in California, Tambrands rolled out nationally in July, two home diagnostic kits for women, under the First Response name. The products, an ovulation predictor and a pregnancy test, are based on monoclonal antibody technology, which provides fast, accurate and easy-to-read results.

Company officials estimate the combined markets to be small, $75 million to $100 million at retail for the new products, but analysts say the markets are growing 20% a year. Tambrands officials say the company already has a problem keeping up with demand for First Response kits. The ovulation predictor test was the first test of its kind to enter the market.

The company anticipates growing competition from other companies, such as Ortho, which recently launched its own ovulation predictor, Ovutime. For the six months ended July, 1986, First Response ovulation predictor held a 56.4% share for its kit and refill products, compared with Ovutime's 43.6% share, according to Joseph Candrevo, special projects coordinator for Pipeline Research, New York, which tracks manufacturers' sales to drugstores.

Tambrands' other First Response product, which can determine pregnancy as early as the first day after a missed menstrual period, topped $45 million in test market in 1985, up from $35 million in 1984. Tambrands' pregnancy test joins a competitive market that already includes Johnson & Johnson's Daisy 2, Advance and Fact products, which account for a combined market share of 42.6%, according to Pipeline Research, and Warner-Lambert's e.p.t. and e.p.t. Plus tests, which hold 37% of the category in sales to drugstores.

While Warner-Lambert spent $3 million advertising its pregnancy tests last year, Tambrands spent more than $2 million for its two-product introduction of First Response to garner a 4.4% market share for the three-month period it was on drugstore shelves nationally. Advertising was concentrated mainly in women's magazines and some tv.

Highly competitive, the home diagnostic market is growth oriented, boding well for the future of First Response, according to analysts. Tambrands' licensing agreement with various biotechnology companies ensures that additional home diagnostic tests are sure to appear in the $400 million home diagnostics market, which is expected to top $1 billion by 1990.

Acquisition aided Tambrands' most recent diversification effort. It bought Physicians Formula Cosmetics for $8 million at the end of 1985. The small Southern California company produces a line of hypo-allergenic cosmetics that have been sold in a limited number of stores in western markets for the past 48 years. The $10 million regional brand is said to appeal to women who believe they have sensitive skin, a growing market segment.

Now that Tambrands has entered into the highly competitive $6 billion cosmetics category, company spokespersons refuse to speculate on expansion plans for the brand, opting for a wait-and-see attitude. In the meantime, the cosmetics company has hired an advertising agency for the first time—Torrance, Cal.-based DFS Dorland. If Tambrands decides to push Physicians Formula Cosmetics into new markets, Tambrands' distribution channels and marketing techniques are a natural fit.

Acquisition and diversification efforts currently serve to complement Tambrands' mainstay, its successful tampon business. Despite a spring price hike and reduced spending on its Petal Soft plastic-applicator tampon, Tambrands grabbed a first-quarter market share of 53.6% in the $505 million tampon market. That was far ahead of the 32.3% share for Playtex of International Playtex, Stamford, Conn., and 8.4% for O.B. tampons marketed by Johnson & Johnson, according to Salomon Brothers analyst Diana Temple, who tracks supermarket sales.

But while New Brunswick, N.J.-based J&J spent $5 million advertising O.B. in 1985, Tambrands increased measured media spending to $12.3 million, compared with $10.8 million the year before. A younger 15-to-22-year-old segment is being tapped by all three competitors as Tambrands promotes its Petal-Soft plastic applicator version of Tampax and Playtex its Slender Regular product.

Although Tambrands is the undisputed leader in tampon sales, its external pad product, Maxithins, faces a barrage of competitors from which it has wrested a 9.1% share in the $1.03 billion sanitary pad category in the first quarter of this year, according to Ms. Temple. Maxithins entered the black for the first time in 1986, despite aggressive pricing and promotion by its rivals.

Tambrands even spent $15 million promoting Maxithins in 1985, 28% less than in 1984. Four new line extension promotions had inflated the 1984 advertising budget. J&J holds the largest single product share, 24.5% for its Stayfree product, and it is followed by Kimberly-Clark's combined 26.9% share for its New Freedon and Kotex lines. Newcomer P&G's Always, with a 15.3% share, also outpaced Maxithins' share of the market.

In total U.S. unit sales of feminine protection products, J&J, Kimberly-Clark and Tambrands each account for 20% to 30%, while Playtex International and P&G account for most of the remainder, according to Tambrands.

Tambrands is strengthening its presence in overseas markets. Because of the weaker dollar, the company could get a boost in foreign sales in 1986 by as much as 30% over current levels, according to Value Line analyst Marilyn M. Royce. Tambrands markets its products in more than 135 countries, from which it garnered over one-fourth of company sales last year, 15% from Europe. Tambrands holds a 25% share of the sanitary protection market in the U.K.

But expansion efforts are directed toward fledgling markets. In May, 1985, Tambrands acquired a 95% interest in Pro-Hygiene, S.A., a privately owned Brazilian manufacturer of sanitary pads and disposable diapers, said to be the second largest company of its kind in Brazil, with a self-claimed 15% share of the $85 million Brazilian feminine-protection markets. Tambrands will compete with J&J in that country, where only 40% of the women rely on commercial products for feminine protection.

During the third quarter, Tambrands began a 50/50 joint venture in Turkey with that country's largest external pad and disposable diaper manufacturer to introduce an improved sanitary pad product.

Another joint venture sure to become an adventure is Tambrand's signing of an agreement in September, 1985, with two Chinese companies to manufacture and distribute Tambrands' tampons and sanitary products in the People's Republic of China. Tambrands' stake amounts to 60%.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$7,158	$7,077
Bus. pubs.	72	23
Network tv	20,371	22,644
Spot tv	748	1,095
Network radio	0	979
Spot radio	661	39
Network cable	994	0
Total measured	30,004	31,856
Unmeasured	14,000	14,864
Total	44,004	46,720

TAMBRANDS INC.
One Marcus Ave.
Lake Success, N.Y. 11042
(516)-775-1800

Corporate Personnel

J.F. Bard, exec vp, feminine protection div
M.R. Wadley, vp-feminine protection div

Marketing Personnel

Douglas B. Fox, vp-mktg
Harry W. Rowe, vp-sales
Ronald Zwicke, vp-adv
Edward Covell, div mgr-First Response diagnostic kits
Jan Rock, brand mgr-tampons
Cynthia Harvey, brand mgr-First Response

Advertising Agencies

MCA Advertising, Westport, Conn.—Maxithins—Bob Lepre, exec vp; Jack McFaddin, acct dir.

William Esty Co., New York—Tampax—Marsha Arones, Sharon Moss, acct execs; Mark Miller, mgmt super.

Carrafiello Diehl & Associates, Irvington, N.Y.—First Response home diagnostic tests—Joanne Henshall, acct super; Peter Etray, group super.

Castor Spanish Intl, New York—domestic Hispanic mkts for Tampax, Maxithins—Jorge Reynardus, acct super; Veronica Escala, acct services.

Texas Air Corp.

RANK 192

Houston

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,944	1,372	41.7
Net income	91	50	80.7
U.S. advertising	34	37	(8.8)

Division sales	1985	1984	% chg
Passenger	1,766	1,232	43.3
Cargo, mail, other	179	140	27.9

Texas Air Corp. went on an acquisition binge in 1986, swallowing Miami-based Eastern Airlines, formerly the nation's No. 3 carrier, and laying the groundwork for a takeover of Newark, N.J.-based People Express, including its Frontier Airlines unit. The company also made major agency shifts in late 1985 and in 1986.

When the $600 million acquisition of Eastern, which became a wholly owned subsidiary, was approved Oct. 1, 1986, by the U.S. Department of Transportation, Texas Air became the nation's largest air carrier holding company with a 15.9% market share. The United Airlines unit of Elk Grove Village-based UAL is second with a 15.85% share, and the American Airlines unit of Dallas-based AMR Corp. is third with a 13.58% share, according to *Aviation Daily*, New York.

The acquisitions of People Express and Frontier, which received tentative approval from the DOT in mid-October, would add another 3.29% market share to Texas Air's holdings. Only Aeroflot, the Soviet flag carrier, then would be larger.

People Express has asked for speedy approval of its merger with Texas Air, saying on Oct. 7 that it may default on more than $13 million in interest payments unless DOT rushes approval. *Aviation Week & Space Technology* reports People Express also owes $20.1 million in back taxes to the federal goverment and to two states. In addition, several creditors are threatening to halt vital maintenance and computer services as a result of slow payments. The People Express acquisition is valued at about $125 million in Texas Air common and preferred stock.

The key to the People Express acquisition is acquiring the assets of the Frontier unit in a separate transaction valued at $25 million cash and assumption of $151 million in notes. People's Denver-based Frontier unit already is grounded, and its assets are in bankruptcy court.

Bruce Hicks, a spokesman for Texas Air, says Texas Air already has made agreements with People to buy up to 12 Boeing 727-200 aircraft, valued at $49.5 million, through the acquisition process. By October, Texas Air had transferred $30 million to People Express, but was unwilling to infuse additional cash beyond its agreement until it received final DOT approval, he says.

Mr. Hicks says Texas Air would proceed with the acquisition of People Express if it also is permitted to acquire Frontier's aircraft and gates. "But we would not proceed with People Express without Frontier," he says. Texas Air wants Frontier's holdings because its Continental Airlines unit is a major Frontier competitor at Denver's Stapleton International Airport. Frontier's assets will become part of Continental, giving Texas Air 35% of the flights and gates at that hub, equal to United Airline's share at Denver, Mr. Hicks says. People Express initially will be operated as a wholly owned subsidiary, and possibly merged into one of Texas Air's other subsidiaries, he says.

The DOT delayed Texas Air's acquisition of Eastern for several weeks in September until Texas Air sold off gates and landing slots at New York's LaGuardia, Washington's National and Boston's Logan Field airports to New York-based Pan Am for $65 million. The gates and landing slots are in the nation's most lucrative shuttle service market. Texas Air would have had a near monopoly on the shuttle service between its Eastern and New York Air subsidiaries if not for the sale. New York Air discontinued shuttle service Oct. 1

Texas Air's total 11-media measured spending in 1985 for its chief subsidiaries—Continental Air Lines and New York Air—was $23.1 million in 1985, down 9% from 1984. (A profile listing People Express spending appears elsewhere in this issue.) The spending drop was primarily a result of a 14.5% drop in newspaper spending to $15 million.

The $15 million was an aggregate spending for Continental and New York Air. Aside from that expenditure, Continental's total measured spending for the seven media (excluding newspapers) monitored by Leading National Advertisers, declined 54% to $934,000 in 1985, including a 71% drop in spot tv to $454,000, and 15% drop in out-of-home to $402,000. New York Air's total measured spending for the seven LNA media fell 30% in 1985 to $525,000, including a 17% drop in spot tv to $465,000, and a 79% drop in out-of-home to $35,000.

Texas Air was solidly profitable in 1985 with $1.9 billion in consolidated operating revenues, up 41% over 1984. Net income in 1985 was $90.9 million, up 80% over 1984. Revenues for the first six months of 1986 were $1.1 billion, up 21% over the same period in 1985.

In the current year, Texas Air took a net loss of $51.3 million in the first half as a result of $64.2 million in claims against the Continental unit relating to its bankruptcy, which was filed Sept. 24, 1983.

Texas Air's consolidated net income was $19.4 million prior to the unusual item.

In August, 1985, New York Air dropped Bloom Cos. in New York for Levine, Huntley, Schmidt & Beaver. Continental Air at the end of October, 1986, dropped Scali, McCabe, Sloves, New York, for N W Ayer, New York.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$93	$0
Newspaper	15,075	17,636
Spot tv	919	0
Spot radio	6,590	7,729
Network cable	10	0
Outdoor	439	0
Total measured	23,126	25,365
Unmeasured	11,000	12,065
Total	34,126	37,430

TEXAS AIR CORP.
Capitol Bank Plaza No. 4040
333 Clay St.
Houston, Tex. 77002
(713) 658-9588

NEW YORK AIR
Flushing, N.Y.

Marketing Personnel

Douglas C. Birdsall, president
Bruce D. Miller, staff vp-mktg services
Gregory Aretakis, staff vp-planning
Donna Cusano, adv mgr

Advertising Agency

Levine, Huntley, Schmidt & Beaver, New York—Beth Mason, Gayle Bacal, acct execs; Mary Kiernan, asst acct exec.

CONTINENTAL AIRLINES
Houston, Tx.

Marketing Personnel

Francisco A. Lorenzo, chmn-ceo
Howard Swanson, vice-chmn
Philip J. Bakes, president
Thomas Volz, vp-mktg services
William Neary, vp-sales & services
Richard Allen, vp-customer service
William Moran Jr., vp-pr

Advertising Agency

N W Ayer, New York—personnel not available at time of publication.

CCS AUTOMATION SYSTEMS
El Segundo, Cal.

Marketing Personnel

Richard Murray, president-ceo
Evie Palicz, corp comm mgr

Advertising Agency

(In-house)—Evie Palicz, corp comm mgr.

Thompson Medical Co.

RANK 183

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	137	197	(30.6)
Net income	11	21	(47.5)

U.S.	1985	1984	% chg
Sales	133	190	(29.9)
Operating profits	19	40	(52.5)
Advertising	40	48	(15.9)

Division sales	1985	1984	% chg
Meal replacements	35	84	(58.3)
Appetite suppress.	70	84	(16.7)
Other health prod.	32	28	14.3

Thompson Medical Co. experienced declines of 30.6% in sales and 47.6% in net income in 1985 largely as a result of poor performances in two big product lines—Slim-Fast nutritional products and Dexatrim appetite suppressant—which also are the most heavily advertised products at Thompson.

Very little has changed in 1986 on the financial front primarily because of the lagging performance of the two brands. For the nine months of fiscal 1986, ended May 31, Thompson had sales of $96.1 million, down 13.4% compared with the prior year period, and net income of $6.9 million, down 27.4% from 1985.

During 1985, Thompson Medical spent $33.2 million in 11 measured media, down 19% from the previous year.

Heading the brand spending in 1985 recorded by Leading National Advertisers, which monitors seven major media, was Dexatrim reducing capsules, with $17.3 million, up 36.4% from 1984. Dexatrim media concentrates on network tv with a $12.7 million expenditure. Network cable, spot tv and magazines each received $1-$2 million in spending for Dexatrim.

Thompson pulled its diet-aid Dexatrim line extension, Dexatrim-15, off the market in early 1986 after less than a year. Shipments of both Dexatrim-15 and competitor Ciba-Geigy's Acutrim II were suspended from the market under court order in January, 1986. Thompson had brought suit against Ciba-Geigy, alleging the competitor's advertising with being false and misleading and causing a decline in sales of Dexatrim. Both companies had to withdraw their products until adequate substantiation of ad claims could be provided. Ciba-Geigy has since resumed shipments of Acutrim II, although Thompson has not reintroduced Dexatrim-15.

Sales of Dexatrim and other appetite suppressants of the company decreased approximately 19% during the year. Part of the problem was the retailers' reluctance to maintain inventory or promote any capsule product. To combat this, Thompson introduced the Dexatrim line to the market in 1986 in caplet form, which also was marketed for pre-meal consumption.

During 1985, Dexatrim claimed a 53% share of the $160 million category with other Thompson brands taking another 10%. The growth product in the category is Schering-Plough's Fibre Trim, which has expanded the market 50% and taken a one-third share.

Dexatrim advertising, largely network tv, appeals to the 85% of dieters who do not use appetite suppressants: "You'll lose 50% more weight if you add Dexatrim to your diet."

The Slim-Fast protein powder meal-replacement line received $4.8 million, the next strongest support, down from $11.4 million in 1985. Slim-Fast sales grew 150% in 1984 over 1983, however, in 1985 sales dropped 59% below those of 1984. Slim-Fast's market share dropped in 1985 from 64% to 59% as the category itself fell from $150 million to $100 million.

Thompson still is testing its single-serve Slim-Fast Gourmet Weight Loss Meals in major western and midwestern chain stores. The four-entree line, containing less than 300 calories, are retort packaged. This year, another meal-replacement line, Fiber-Full, has been introduced via network tv bearing the theme: "The advanced way to lose weight brought to you by nature." The product did not go through test marketing.

In the external analgesics market, a $220 million category nationally at retail. Aspercreme and Sportscreme together hold a No. 2 market share next to Pfizer's Ben Gay. The company spent $2.9 million on Aspercreme pain reliever creme rub, down 10.5% from 1984, and $2.5 million on Sportscreme pain relieving rub, up from only $298,000 in 1984.

Cortizone-5 is the No. 2 brand in the $50 million cortisone cream category led by Cortaid by Upjohn. Cortizone 5 skin cream drew $2 million in support, up 48% from the prior year.

Encare, the leading contraceptive suppository, is now a distant second to VLI's Today sponge.

Aqua-Ban is the No. 2 premenstrual diuretic, but the category is only about $20 million nationally at retail.

Caffedrine is a distant No. 3 to No-Doz (Bristol-Myers) and Vivarin (Beecham) in a $25 million category.

NP-27, an anti-fungal product bought from P&G in 1984, is No. 4 in the $85 million athlete's foot market.

The company also has introduced in 1986 Decongest in the $750 million cold-remedy market in tablets and capsules.

The company also repackaged and re-introduced the appetite suppressant products, Slim-Mint gum and lozenges, in the spring of 1986. Slim-Mint, the first diet aid marketed by Thompson, was introduced in 1956. The company advertises Slim-Mint only on a regional basis.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$4,144	$6,037
Newspaper	136	147
Bus. pubs.	35	59
Network tv	18,378	18,485
Spot tv	4,048	9,813
Spot radio	0	525
Network cable	6,495	4,456
Total measured	33,236	39,522
Unmeasured	7,000	8,324
Total	40,236	47,846

THOMPSON MEDICAL CO.
919 Third Ave.
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(212) 688-4420
Marketing Personnel

S. Daniel Abraham, chmn-ceo
Moses Ratowsky, president
Paul Craniotes, vp-creative
Ron Stern, vp-new prod & corp devel, vp-mktg
Harold Verschlieser, dir-sales promo
Dean Siegal, dir-pr
Richard Zakin, dir media relations

Advertising Agency

Saatchi & Saatchi/Compton, New York—Dexatrim, Control, Cortizone-5, Slim-Fast, Encare, Auqua-Band, NP-27, Fiber-Full—Tom Lom, exec vp; Erica Witnauf, sr vp-mgmt super; Barbara Carr, acct super.

Trans World Airlines

RANK **116**

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	3,725	3,525	5.7
Net income	(193)	30	(746.1)
U.S.	**1985**	**1984**	**% chg**
Sales	2,115	2,038	3.8
Operating profits	(122)	(85)	43.3
Advertising	67	68	(2.0)
Division sales	**1985**	**1984**	**% chg**
Passenger	3,220	3,107	3.6
Freight, mail	251	211	19.0
Other	254	339	(25.1)

For Trans World Airlines, it would appear nothing could be worse than the year it suffered in 1985. Beset with hostile takeover attempts—culminating with a successful one by corporate raider Carl C. Icahn—the much-publicized Middle East hijacking of a TWA jet and fare wars with competing airlines, TWA experienced a loss of $193 million in 1985 after posting a profit of $30 million the previous year.

But 1986 looks considerably brighter. After posting first quarter losses of $169 million and a second quarter deficit of $87 million—a figure less than analysts expected—TWA surprised the industry by posting third quarter profits of $70 million, with the promise of "substantial" profits in the fourth.

The turnaround in the second half is attributed to substantial cuts in costs amounting to about $400 million a year, and redeployment of planes when European travel dropped because of terrorist attacks early in the year. Planes basically were routed to U.S. and Caribbean markets.

Investors, besides being surprised by the quick turnaround by the airline under Mr. Icahn, have gained optimism about the airline because of its $250 million acquisition of Ozark Airlines, eliminating duplicated services. Some positions are also expected to be eliminated as TWA and Ozark staffs are consolidated.

On the cost side, Mr. Icahn's aggressive cost-cutting policies have included extracting $150 million in wage concessions from the pilots and machinists unions, saving another $100 million from job cuts in nonunion ranks and potential savings of perhaps $50 million in lower salaries for new flight attendants, replacing strikers. TWA's 6,000 flight attendants struck in March over a management wage concession proposal and costing the company an estimated $2 million a day.

Mr. Icahn's ax wielding had its effect on advertising. He cut TWA's fourth-quarter 1985 ad budget by 40%, from $10 million to $6 million; fired the company's top marketing and advertising executives, and engaged in a do-si-do with TWA's advertising agency since 1979, Ogilvy & Mather, first dismissing the shop, rehiring it on a sharply reduced commission, and finally placing the company's business with Young & Rubicam this spring.

TWA reported spending $83.6 million worldwide on all aspects of advertising and publicity in 1985, up from $80.7 million in 1984. Industry analysts say the total probably will fall to less than $70 million this year. Of that total, $66.9 million is spent in U.S. advertising and promotion, according to AD AGE estimates. TWA spent an estimated $43.9 million in measured advertising in 1985, a little over half, $20.9 million, on newspapers, down from $21.4 million in 1984. Major media expenditure shifts included a drop from $12.1 million in 1984 to $9.5 million in spot tv, while magazine expenditures rose from $5.2 million in 1984 to $7.5 million, and spot radio increased from $2.9 million to $4.2 million.

Mr. Icahn's acquisition of TWA came after several attempted takeovers, including one by Texas Air Corp., which TWA's board of directors originally had approved. But TWA unions opposed the move, calling Texas Air's Frank Lorenzo a union buster; they offered some $40 million in wage concessions to sweeten the takeover by Mr. Icahn, who became TWA chairman this January. Reportedly, he was prepared to sell quickly at a profit, but instead has stuck with TWA through its difficulties.

The TWA acquisition of Ozark adds some 50 twin-engine jets and profitable feeder routes that serve TWA's St. Louis hub. TWA now operates 167 jets, 104 of them owned by the airline and the rest leased.

TWA also announced an eight-year joint marketing arrangement this February with Piedmont Airlines, hooking up Piedmont-served domestic routes with TWA overseas flights, and merging ticketing functions and frequent-flier bonus plans. Last summer, TWA negotiated a similar arrangement with ResortAir, a St. Louis-based commuter airline, between St. Louis and several Missouri and Illinois cities.

TWA in 1985 was the nation's fifth largest domestic airline, with a 7.7% share, trailing United, American, Eastern and Delta, in that order. For the past three years it has been the largest trans-Atlantic carrier, with 20.4% of that business in 1985.

Although revenue passenger miles increased from 28.3 billion in 1984 to 32 billion in 1985, revenue per passenger mile decreased 8.5%, primarily because of increased competition and fare wars with competing carriers.

During 1985, TWA expanded its overseas operations by extending one of its New York-London flights to serve Copenhagen, a New York-Paris flight to serve Geneva, and a new York-Cairo-Kuwait flight to serve Bombay.

TWA also implemented nonstop service from New York to Munich and from St. Louis to London, Paris and Frankfurt. And in February, 1985, TWA became the first U.S. carrier to fly a two-jet aircraft, a Boeing 767, nonstop between the U.S. and Europe.

With O&M, TWA's advertising strategy positioned it as a full-service, high-quality airline to differentiate it from its cut-rate competitors and during 1985 scrapped its familiar "You're going to like us" campaign for a new theme, "Leading the way."

Young & Rubicam began a new print campaign in June, stressing lower fares both domestically and for international flights.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$7,537	$5,190
Newspaper	20,870	21,436
Newsp. supps.	732	611
Bus. pubs.	685	1,442
Spot tv	9,478	12,095
Network radio	0	810
Spot radio	4,247	2,885
Network cable	125	11
Outdoor	228	310
Total measured	43,902	44,790
Unmeasured	22,998	23,463
Total	66,900	68,253

TRANS WORLD AIRLINES
605 Third Ave.
New York, N.Y. 10158-0039
Marketing Personnel

Peter T. McHugh, president, TWA Marketing Services.
Tim Brier, vp, passenger mktg
Tracy T. Britton, dir-adv
Lynda Withiam, mgr-adv
Earl Quenzel, vp-mktg, TWA Marketing Services.
MaryAnn Boyhan, mgr-tour mktg
Kathleen A. Trepper, dir-promos & rsch

Advertising Agency

Young & Rubicam, New York—Robert Donahoe, sr vp-mgmt super.

Transworld Corp.

RANK **173**

New York

($ in millions)

Worldwide	**1985**	**1984**	**% chg**
Sales	2,152	1,938	11.0
Net income	218	115	89.1
U.S.	**1985**	**1984**	**% chg**
Sales	1,583	1,386	14.5
Operating profits	94	80	17.8
Advertising	46	49	(6.6)
Division sales	**1985**	**1984**	**% chg**
Canteen Corp.	984	831	18.4
Spartan Food sys.	465	425	9.4
Hilton Int'l.	694	675	2.8
Corporate	9	7	28.6

Growth in units and services has continued through 1985 and 1986 for the three businesses of Transworld Corp.—Canteen Corp., Chicago, Spartan Foods, Spartanburg, S.C., and Hilton International, New York.

Business segments were four until October, 1985, when Transworld sold its Century 21 real estate unit. And with the Century 21 deal went most of Transworld's advertising budget. Century 21 accounted for $21.1 million in measured spending out of $23.7 million the company placed in 11 media monitored for this issue. Transworld reported to the SEC $45.1 million worldwide in advertising costs in 1985.

With measured spending off 7% in the 11 media, only network tv climbed, by 43%, to $17.9 million, all for heavy Century 21 Real Estate promotion.

Spending for Quincy Family Steak House restaurants, a Spartan chain, fell 24% to $1.2 million, weighted toward outdoor and with lesser amounts in spot tv.

Several major unit changes altered the Transworld organization landscape during the year: Transworld sold Century 21 Real Estate to Metropolitan Life Insurance Co. for $251.2 million. The company says it divested Century 21 because Century's best growth potential was in financial services, a field already well populated with highly competititive firms, that are solidly established and much larger than Century 21.

In September, 1985, the company acquired for $93.5 million the food-service company, Interstate United Corp. Interstate was merged into Canteen, making Canteen a $1.4 billion company, pushing ARA Services Inc., Philadelphia, for the top spot among U.S. food service management companies.

In 1986, Hilton International is opening new units in Pittsburgh, Osaka, Japan, and Brisbane, Australia, and for 1987 it is planning an 800-room, 40-story hotel in Shanghai.

During 1986, Spartan Foods debuted Pryde's Restaurants, which are small combination sit-down and drive-through restaurants designed for the sparser customer populations of small towns. So far, seven are operating in the Carolinas.

Spartan Food Systems' 590 restaurants is represented by 365 Hardee's franchises and 218 Quincy Family Steak Houses and the seven Pryde's.

In 1985, Hardee's introduced Cinammon n' Raisin biscuits; the Kid's Combo Box, a packed "lunch" concept and Hash Rounds potato puffs. New in 1986 are Bacon Egg & Cheese Biscuits. New offering for 1985 at Quincy were homestyle Chicken Filets and the Kid's Club Children's Menu, and new in 1986 are Clearwater Catfish Filets, yeast rolls, and the Country Side Board, a buffet with meat entree, salad and dessert.

Spartan now accounts for 22% of Transworld's total sales and 35% of its operating income.

Canteen Corp., with more than 56 years in the vending machine business, now has 181,000 of the units plus a broad reach into many types of food-service—schools, hospitals, corporate offices and many other locations. A brand new Canteen customer, signed in October, 1986, is Cook County Jail in Chicago, one of the nation's larger prisons.

In 1983, Canteen moved into the school-lunch business by acquiring Preferred Meal Systems, the biggest supplier of pre-packaged lunches to primary and secondary schools. And in 1985, Canteen bought 45 delicatessen units in office buildings, although the occupancy lag in new offices has slowed that business.

Canteen produces 46% of Transworld's sales and 24% of its operating income.

Hilton International now operates 90 hotels under the Hilton International in 44 countries. In the U.S., it has the Vista International chain which includes hotels operating under other names, such as the patrician Drake Hotel in Chicago.

Other Vista units are Kansas City and Oklahoma City hotels opened in 1985 and Vista is located in Washington and the World Trade Center in New York. Hilton accounts for 32% of sales for Transworld and 41% of operating income.

Changes have come rapidly to this company and its predecessor in recent years.

Expanding beyond its transportation business, Transworld consisted of Trans World Airlines, Canteen and HI when incorporated in 1978; Spartan and Century 21 came in 1979.

TWA, a drain on earnings, was spun off in 1983.

The company today is guided by a board with notably blue ribbon names including Jack Valenti, president of Motion Picture Assn. of America; Lester Crown, ceo of Materials Service Corp., and Robert McNamara, former General Motors chairman, U.S. Secretary of Defense, and retired World Bank president.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,643	$2,976
Newspaper	17	85
Newsp. supps.	84	169
Network tv	17,892	12,538
Spot tv	2,163	3,873
Spot radio	1,822	5,500
Outdoor	39	199
Total measured	23,660	25,339
Unmeasured	22,000	23,562
Total	45,660	48,901

TRANSWORLD CORP.
605 Third Ave.
New York, N.Y. 10158
(212) 972-4700
CANTEEN CORP.
Chicago
Marketing Personnel

Robert Kozlowski, president-ceo
Dan R. Krpan, vp-mktg
Sheldon Silver, dir-mktg services
Richard M. Geerdes, dir-natl sales

Advertising Agency

New agency pending.

HILTON INTERNATIONAL CO.
New York
Marketing Personnel

Curt R. Strand, chmn
C. Edwin Meyer Jr., president-ceo
Helmut Hoermann, coo
Fred Ruoff, sr vp-mktg
Jo Ann Zaccarelli, corp adv mgr
Eric Studer, dir-adv services, dir-mktg info systems & rsch

Advertising Agency

Doyle, Graf & Mabley, New York—Hilton International, U.S.—Jim Bonner, acct vp; Pat van Talge, acct exec.

SPARTAN FOODS
Spartanburg, S.C.
Marketing Personnel

Stuart de Geus, dir-mktg, Spartan Foods
Betty Zeller, mktg mgr, Quincy's Family Steak House
Vicki Woodward, mktg mgr, Hardee's

Advertising Agencies

Henderson Advertising, Greenville, S.C.—Quincy's Family Steak House—Carl Libhart, acct super; Jim Brandhorst, sr vp.

HutchesonSchutze, Atlanta—Hardee's—Debbie Grossman, acct super; Carol Frombager, acct exec; Cindy Kaplan, acct exec.

RANK

Triangle Publications 168

Radnor, Pa.

($ in millions)

Worldwide	1985	1984	% chg
Sales	720	657	9.6
U.S. advertising	49	39	23.9

Triangle Publications, whose *TV Guide* and *Seventeen* have felt the malaise in the national magazine market in 1985, took a bold step in February, 1986, to relaunch *Good Food* after a 12-year hiatus.

Good Food made its debut with weaker advertising and circulation than the original, while *TV Guide* trimmed its rate base to less than 17 million, still retaining the crown of the top circulation magazine in the U.S.

The company had an over-all net revenue growth of 4.3% in 1985, largely the result of increased rates, according to ADVERTISING AGE estimates. The privately held company, owned by Walter Annenberg, does not reveal revenues and earnings figures for its media properties. During the year, Mr. Annenberg assumed the role of chairman, while relinquishing his title of president to William Henrich.

Triangle did not spare the ad dollars in 1985, increasing its spending in the 11 media measured for this issue by 58.6%, to $38.7 million. The company is putting $3 million behind the launch of *Good Food* in 1986. The magazine, attempting to forge a place in the crowded food and gourmet magazine arena, underwent a logo change for the September issue, coming on the heels of a $1 million summer tv spending blitz. The supermarket checkout counter-distributed digest is seeking to build its circulation to its 750,000 rate base, as well as gain advertiser confidence.

The magazine's introduction has been rocky. Display racks in supermarkets obscured the book, leading to the shortfall in circulation, says Frank G. Wolf, group publisher of *Good Food* and *Seventeen*. Potential advertisers, who recall the abrupt cancellation of the original after only eight issues between 1973 and 1974, are waiting to test the magazine's staying power.

The original *Good Food* averaged 40 ad pages, while the first six issues of the relaunch have averaged 12. To spur ad sales, by mid-1986, the company had recruited Bob Young from the *New Yorker* to be associate publisher-advertising, while shifting other *Good Food* and *Seventeen* executives to new advertising positions.

However, company officials say strong circulation is crucial to the magazine's longevity. The new red banner logo is designed to visually pop out at the checkout counter and boost sales, Mr. Wolf says. He also notes that direct mail is being used to build a subscription base. The magazine hit its guaranteed minimum in July, 1986.

The majority of Triangle's advertising is aimed at promoting *TV Guide* subscriptions. An intensified effort in 1985 accounted for a spending increase of 35%, to $35.2 million, according to Leading National Advertisers. The bulk of this money was spent on electronic media; $24.4 million on spot tv, $1.5 million on network tv and $7.5 on network radio.

Other *TV Guide* promotional money is directed at advertisers, accounting for $1.8 million in business publication spending, according to the Rome Reports.

For the year, *TV Guide's* gross advertising revenue rose 3.2%, to $314 million, according to Publishers Information Bureau, despite a 3.4% drop in ad pages to 3,670. In July, 1986, ad rates rose 1.3%, to $94,700 for a one-time, four-color insertion.

The weekly *TV Guide* continues to have the largest magazine circulation, despite its rate base cut from 17 million to 16.4 million. *Reader's Digest*, which had topped *TV Guide* with monthly circulation of 17.75 million, dropped its guarantee to 16.25 million. Through 1986, *TV Guide* has averaged 16.8 million circulation, according to company officials.

Seventeen had a gross revenue increase of 5.9%, to $34.2 million, according to PIB, although advertising pages were down 4%, to 1,437. Circulation stood at 1.75 million, according to Audit Bureau of Circulations.

Measured spending for *Seventeen* included $18,200 in newspaper supplements in 1985. No measured spending was recorded in 1984. Through calendar 1986, Mr. Wolf estimates $650,000 will be spent advertising and promoting *Seventeen*.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$65	$92
Newspaper	1,555	1,858
Newsp. supps.	18	0
Bus. pubs.	1,810	579
Network tv	1,535	30
Spot tv	24,389	21,614
Network radio	7,525	5,228
Spot radio	157	1,447
Network cable	1,678	411
Total measured	38,730	31,258
Unmeasured	10,000	8,071
Total	48,730	39,329

TRIANGLE PUBLICATIONS
4 Radnor Corp. Center
Radnor, Pa. 19088
(215) 293-8500

Marketing Personnel

Eric G. Larson, publisher, *TV Guide*
Thomas McDonough, dir-adv, *TV Guide*
Fred Jervis, promo dir, *TV Guide*
Frank G. Wolf, group publisher, *Good Food, Seventeen*
Robert S. Bunge, assoc group publisher, *Good Food, Seventeen*
Bob Young, assoc publisher-adv, *Good Food*
Arthur Brenner, mktg dir, *Good Food*
Ira S. Garey, assoc publisher-adv, *Seventeen*
Barbara Doljack, mktg dir, *Seventeen*
Michael P. Sandler, publisher, *Daily Racing Form*
Leo Waldman, adv mgr
Midge Koontz, dir-Midwest breeding bureau
Ellen Hilts, dir-California breeding bureau

Advertising Agencies

N W Ayer, New York—*TV Guide*—Thomas Maxey, acct dir; George Malcomson, mgmt super; Ted Regan, exec dir-creative; Walter Burek, Louis Donato, group creative dirs; Rees Behrendt, creative super; Sue Kaufman, assoc dir-media; Lisa Millon, media super; Vic Soler, traffic planner.

Bozell, Jacobs, Kenyon & Eckhardt, New York—Gay Wasserman, sr vp-mgmt rep, *Seventeen, Good Food*; Celia Rao Visconti, acct super, *Seventeen*; Fred Morris, acct super, *Good Food*.

RANK

20th Century-Fox Film Corp. 176

Los Angeles

($ in millions)

Worldwide	1985	1984	% chg
Sales	568	643	(11.6)
Net income	27	(70)	(138.7)
U.S.	**1985**	**1984**	**% chg**
Sales	395	488	(19.1)
Advertising	44	62	(29.6)

Rebounding from a net loss of $79 million in 1985 which followed a net loss of $89 million in 1984, 20th Century-Fox Film Corp. has found 1986 more hospitable, with net earnings of $19.6 million for the first three quarters of the fiscal year ended Aug. 31, 1986, up from a loss of nearly $80 million for the year-earlier period.

The dramatic turnaround occurred concurrently with a restructuring of the company and a severe pruning of operating costs. Also contributing to the upswing was the success of fall-Christmas 1985 theatrical releases, "Commando" and "Jewel of the Nile," continued success of its summer 1985 release, "Cocoon," and revenues from worldwide syndication of its movie and tv products. "Aliens," a summer, 1986, release, also is doing very well, a sign Fox may be on the rebound.

The company is now one of three operating divisions of Fox Inc., the umbrella organization formed in October, 1985, by Rupert Murdoch's News America Holdings and TCF Holdings, jointly owned by Mr. Murdoch and Marvin Davis. They merged six tv stations purchased from Metromedia in 1985 into the film company. Other divisions include Fox Station Group and Fox Television Network. Financial results reported in this profile and advertising figures, however, are just for 20th Century-Fox Film Corp.

The Fox restructuring program was under the stewardship of chairman-ceo Barry Diller, a former Paramount executive who took over as head of the company in late 1984.

Fox continued its affiliate negotiations with independent tv stations in the top 30 markets. These stations, added to Fox's six own tv stations, could reach nearly 60% of the nation's 85.9 million tv households, creating the long-awaited fourth network. Fox began airing a late-night talk show starring comedienne Joan Rivers this fall.

The company's 1985 advertising and promotion budget was hard hit by cutbacks in operating expenses. The 11 media measured in this issue dropped 29.6%, to $23.5 million, from a year earlier.

Tv advertising claimed 78.7%, or $18.5 million, of the company's measured media spending for 1985, although network and spot did a flip flop in spending. Network tv spending plummeted 70% to $6.6 million in 1985, while spot tv grew 38% to $12 million. The only other major medium to show growth in 1985 over 1984 was spot radio, which grew from $442,000 to $1.9 million in 1985.

Measured expenditures of $1 million-plus went for the promotion of "Enemy Mine," "Man with One Red Shoe," "Moving Violations," "Porky's Revenge" and the rerelease of "Return of the Jedi." Larger amounts were devoted to "Cocoon," $3 million; "Commando," $2.6 million; "Prizzi's Honor," $2 million, and "Jewel of the Nile," $2.1 million. In all, the company backed 20 movies in 1985 with measured spending, compared with 25 movies in 1984, according to LNA.

Eighteen movies are scheduled for release in the current fiscal year. Several summer, 1986, theatrical releases already have drawn big bucks by mid-October: "Aliens" drew $100 million at box office receipts, and the "The Fly," $75 million. An earlier release, "Jewel of the Nile," had drawn $75 million. Less successful offerings were "Lucas" with $10 million and "Big Trouble in Little China, just over $5 million. Early 1987 will see the release of "Wisdom," "Black Widow," "Raising Arizona" and "Mannequin."

CBS-Fox Videocassettes sold more than $6 million worth of videocassettes for each of eight movies in 1986: "Jewel of the Nile," "Return of the Jedi," "Commando," "Rocky IV," "African Queen," "West Side Story," "Patton" and "King and I." The latter four propelled unit sales when prices were cut from $69.95 to $29.95.

The tv division entered the fall of 1986 with the renewal of the half-hour comedy "Mr. Belvedere" on ABC and the introduction of Steven Bochco's "L.A. Law," a one-hour series on NBC, and the "Wizard of Elm Street" on CBS, "Cold Steel and Neon" on NBC.

The tv distribution division continued to make a substantial contribution to over-all profits through the successful syndication of such programs as "Dance Fever," "9 to 5," long-running "M*A*S*H" and various feature film packages.

Acquisition of Metromedia Producers Corp., a tv production and distribution company with a library of more than 350 titles filling 1,500 hours of programing, gave 20th Century-Fox Film's domestic and international tv sales departments a greatly expanded body of product to sell. MPC also gave Fox production and distribution of "Small Wonder," said to be the most successful syndicated first-run, half-hour comedy currently on tv.

DeLuxe Laboratories, 20th Century-Fox Film's film processing subsidiary, also reported significant growth three quarters into fiscal 1986, with possibilities for a record year for the division. DeLuxe reportedly has achieved a greater market share by broadening its customer base through increased emphasis on sales and servicing, another reflection of Mr. Diller's tenure at the helm of 20th Century-Fox Film.

Key executive and marketing changes at 20th Century-Fox included the resignation of Alan Horn, former head of Embassy Communications, as president and ceo, Sept. 1, 1986. His duties have been assumed by Mr. Diller.

Other recent changes at the company include the appointment of Scott Rudin as president-motion picture production and the assignment of additional marketing duties to Tom Sherak as president-distribution. He replaces former marketing chief David Weitzner, who resigned in July, 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$ 444	$ 1,004
Newspaper	1,045	258
Bus. pubs.	3	0
Network tv	6,592	22,020
Spot tv	11,948	8,723
Network radio	214	653
Spot radio	1,944	442
Network cable	1,126	0
Outdoor	223	323
Total measured	23,539	33,422
Unmeasured	20,000	28,397
Total	43,539	61,818

20th CENTURY-FOX FILM CORP.
10201 W. Pico Blvd.
Los Angeles, Cal. 90035
(213) 277-2211

Marketing Personnel

Thomas Sherak, president, domestic dist & mktg
Susan Pile, sr vp-mktg
Neal Lemlein, vp-mktg & media services
Linda Goldenberg, vp-merch & licensing
Burt Messer, vp-mktg admin
Robert Harper, exec dir creative services

Advertising Agency

J. Walter Thompson USA, Los Angeles, Cal.—Richard T. Markovitz, vp-acct dir.

RANK

United Biscuits Holdings plc 132

London

($ in millions)

Worldwide	1985	1984	% chg
Sales	2,412	2,205	9.4
U.S.	**1985**	**1984**	**% chg**
Sales	1,071	993	7.9
Operating profits	52	51	3.2
Advertising	62	74	(15.1)

United Biscuits Holdings plc, the U.K.-based conglomerate that is the largest cookie and cracker producer and marketer outside the U.S., continues to expand that business line in the U.S. with new entries at subsidiary Keebler Co.

UB, which also operates a specialty food division stateside that in 1985 added to its growth by purchasing the No. 1 black olive marketer in the U.S., drew 40% of its worldwide revenue from Keebler, which had a 7.2% growth in sales over 1984 and operating income of $37.5 million, up 6.5%. Keebler, however, took a one-time charge of $25 million for closing its Philadelphia bakery, a victim of heavy 1985 cookie competition, reducing income to $12.5 million.

Total U.S. sales were up 8%, to $1.07 billion, and operating profit grew 3%, to $52.3 million, when adding UB's other U.S. units, Specialty Brands and Schaffer, Clarke & Co., to Keebler totals. UB in October announced it would combine its U.S. units under the banner of UB Foods-US, also headed by Keebler's Thomas M. Garvin, who will have the same title as at Keebler, president-chief executive officer.

Specialty Brands, a spice and salad foods house, had an increase in sales of 2% and operating profit of $9.23 million, up 4% from 1984. Shaffer, Clarke & Co., food importers and marketers, was down 8% in sales, but operating profits rose 131%, to $2.91 million.

UB worldwide sales grew 9% and profit before tax increased 17%, to $129.3 million.

Keebler Co. continues to claim by far the biggest bite of UB's U.S. advertising expenditures—87.6% of the U.S. measured ad total in 1985, down from 91% in 1984. Unmeasured advertising spending for UB's U.S. divisions, most of it for Keebler, was an estimated $29 million, giving UB total U.S. advertising of $46.4 million.

Seven-media measured ad support was down in 1985 at Keebler to $23.15 million, from $28 million, according to Leading National Advertisers. Keebler, the second biggest U.S. cookie and cracker producer, made a significant flip-flop in its marketing strategy for 1985. Keebler spent 42%, or $12.9 million, of its media budget in 1984 on cookie advertising, but reduced that to just 21%, or $5.6 million, in 1985. Meanwhile, it put 25%, or $7.64 million, into its salty snack media advertising in 1984, but boosted that sharply to 47%, or $12.4 million, in 1985.

Included in its salty snack category are Keebler Cheeblers, reformulated from earlier ancestry as Butter Pretzels and then Hearty Krunch Twists, and the company's new patented Tato Skins snacks, made from potato skins processed into a two-layer fried crisp product. Launched regionally in the second quarter of 1985, Keebler says the Tato Skins in three flavors were a success by the end of the year and are now going into the South, East and Midwest. Sales are ahead of the expected $40 million to $50 million and may go to $70 million to $80 million, an industry source reports.

Other new Keebler products for the year included Crispy Lights, a snack cracker in four flavors; Puddin' Cremes, called the "first cookie with pudding" in three versions, and Stone Creek Butter Thins, a line extension of the Stone Creek brand, a "natural" style cracker.

Keebler's major achievement in 1985 was its growth at a time when U.S. cookie and cracker production was stagnant—cracker output fell 0.8% in 1985, to 1.47 billion lbs., and cookies totaled 2.02 billion lbs. in 1985, up 0.2%—according to the Biscuit & Cracker Manufacturers Assn., Washington.

Against this trend, Keebler grew 2% in biscuit volume—the only major biscuit maker to increase in 1985—gaining market share in the process. In 1986, the association shows over-all cookie production up 7.1% and crackers down 1.9% for a combined increase of 3.5% through June.

RJR Nabisco had about 40% of the U.S cookie market; American Brand's Sunshine, 8%; Procter & Gamble's Duncan Hines, 5.4%, and PepsiCo's Frito-Lay, with its GrandMa's brand, from 2.5% to 7% in 1985. UB placed Keebler's share at 13.5% of the U.S. cookie market, its biggest chunk ever and representing its fourth consecutive year of share gain.

In the soft cookie market, UB puts Keebler's share at nearly 30%, while another industry research source breaks down the $500 million soft cookie market into Nabisco with 37.4%; Duncan Hines, 28.4%; Keebler, 27.6%; Frito-Lay, 5.8%, and Sunshine, 0.8%.

Two years ago it was predicted that soft cookies would become 30% to 35% of the cookie market by now. However, the category has reached only 10% to 15%. The result is industry dislocations such as Keebler's closing of its Philadelphia bakery, the oldest and least cost efficient of its plants. The cost was $25 million, mostly for severance pay and benefits payouts, but the shutdown greatly improved Keebler's profitability.

Even with its steady growth in the cookie market, Keebler is said to regard salty snacks now as its growth area. As a national market, salted snacks are worth $6 billion. They are a subcategory in the $29.5 billion snack foods market (candy nuts, snack cakes, cookies and crackers).

Keebler has spent about $14 million adding 60,000 sq. ft. to its snack food production facilities at Bluffton, Ind., and additional salty snack production capacity is now on line at Raleigh, N.C., for output of new and reformulated products such as Tato Skins and Cheeblers.

Keebler is battling the giants and

lesser giants on virtually the entire snack turf and merchandising, package design and distribution are becoming more critical in setting it apart. Some of the cookie/cracker competitors, faced with the mighty obstacles presented by RJR Nabisco, Keebler and Sunshine Co. in the big grocery outlets, are doing an end-run and popping up in smaller outlets, vending machines and convenience stores.

Keebler, seeking to be aggressive in these markets as well, finds itself head to head with Frito-Lay and Duncan Hines in these retail outlets. Packaging plays a new role in the smaller retail operations where marketers are putting four to six cookies or crackers in a tray and wrapping it in a package the size (and price) of a candy bar—a kind of biscuit in candy clothing.

Frito-Lay, with its GrandMa's and other brands, is taking smaller packaging into the small groceries and coin machines. Duncan Hines, working through brokers, doesn't go into convenience stores, so it's taking the candy route through candy and tobacco wholesalers. By contrast, Keebler, doesn't have the distribution system for candy, but does have a convenience store stratagem, including smaller packages delivered by smaller trucks.

In measured advertising, Keebler continued placing heavy emphasis on tv with 75% of its spending, $19.8 million, going to network and 12%, $3.2 million, for spot. But print had new importance for UB's three U.S. divisions in 1985, as spending for magazines space jumped to 13%, or $3.4 million, of the total budget from just 3.5% in 1984.

Keebler's cookie advertising decline in 1985 from 1984 also involved a shift in tv advertising. In 1984, $7.6 million, or 59%, of the tv total was spent on network and $5.3 million, or 41%, spot tv, but network got 89%, or $4.96 million, in 1985 and spot only $592,900.

Keebler's biggest expenditure for a product was $9.4 million for Tato Skins, the preponderance of which went to network tv, $8.42 million, with $976,500 to spot tv. Support for Town House, Keebler's popular oval-shaped dinner butter cracker, fell 46%, to $1.9 million, in 1985. Spot tv took 37%, or $513,400, of the budget from network, which had the entire budget in 1984.

Advertising for Keebler's formed pie crust, Ready Crust, was about 5% ahead of the previous year, going to $957,500, all in magazines.

Measured ad support fell 12.4% at Specialty Brands, to $2.1 million, according to the seven media monitored by LNA. Specialty Brands, San Francisco, markets Spice Islands spices, herbs and seasonings; Marie's Salad Dressings, a refrigerated line, and its new acquisition, the Early California brand green and ripe (black) olives. The company grows its own herbs in California and olives in Spain and has production plants in California, Nevada, Illinois and Spain.

Ad support for Marie's dressings was up 5.5% for 1985, to $2.03 million. All of it was shifted to magazines in 1985 from spot tv in 1984. Spice Island magazine schedule dropped to $75,000 in 1985 from about $190,000 the previous year.

Overnight, Keebler picked up 28% of the U.S. black olive market with the $70 million purchase of the olive business of Early California Foods, Los Angeles, from its parent, Erly Industries, also Los Angeles. Purchase price was $70 million.

Shaffer, Clarke & Co., a new entry in media advertising, spent $1.73 million in 1985 after no measured expenditures in preceding years.

Shaffer, Clarke, based in Old Greenwich Conn., is the U.S. importer and distributor of UB Biscuits products from Britain; Wasa, Ideal and Finn crisp breads from Scandinavia; Apollinaris mineral water from Germany; KA-ME (ka-may) oriental foods; a line of frozen game meat, and confectionery products from Holland, Britain and Switzerland.

More than half the Shaffer, Clark 1985 spending backed Wasa crisp bread, supported by a spot tv campaign, costing $846,500 and including 30-second vignettes reminiscent of Woody Allen's "Annie Hall" movie characters and ending with the line, "Some people may never be ready for Wasa bread." Saatchi & Saatchi Compton, New York, handles.

Britain's Imperial Group tried to purchase UB in late 1985 for $1.7 billion. But UB countered with a bid of its own for imperial in February, 1986. Neither succeeded.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,389	$1,301
Network tv	19,822	20,862
Spot tv	3,216	8,976
Total measured	26,427	31,138
Unmeasured	36,000	42,419
Total	62,427	73,557

UNITED BISCUITS (UK) LTD.
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Isleworth, Middlesex TW7 5NN
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KEEBLER CO.
Elmhurst, Ill. 60126
(312) 833-2900
Marketing Personnel

William T. Hanna, sr vp-mktg
Charles L. Shemely, sr vp-dir
Jane B. Ferri, dir-nonbiscuit new prods devel
Roy E. Koeckrits, dir-merch & consumer services
Robert Dillon, group dir-new prods mktg & mkt rsch
Darrel Splithoff, sr vp-retail sales

Advertising Agency

Leo Burnett USA, Chicago—Keebler cookies, crackers, salty snacks—Joe McGowan, vp-acct dir; Jim McNitt, super-salty snacks, brokered consumer prods & nonbiscuit new prods; Bill Buchanan, super-biscuit prods

SHAFFER, CLARKE & CO.
Old Greenwich, Conn.
Marketing Personnel

G. Korper, president
Edmund Reeves, vp-sales & mktg

Advertising Agencies

The Lempert Co., Belleville, N.J.—UB prods, Apollinaris Water, KA-ME Oriental foods, frozen game, confections—Philip Lempert, president.

Saatchi & Saatchi Compton, New York—Wasa crisp breads—Hayes Roth, acct exec.

SPECIALTY BRANDS
San Francisco
Marketing Personnel

Peter Rosow, president
Randy Goldman, vp-core business
Ed Parker, vp-Early California Foods
Mike Pommer, mgr-mktg, Marie brand
Connie Henry, mktg mgr-Spice Island brand
Teresa Cooper, mktg mgr-Early California Foods (olives) brand

Advertising Agency

Geers Gross Advertising, New York—Bob Robbins, sr vp-mgmt super; Chris Ebner, vp-mgmt super; Jon Stoner, acct super; Doug MacKay, acct exec.

RANK **152**

US West

Englewood, Colo.

($ in millions)

Worldwide	1985	1984	% chg
Sales	7,818	7,280	7.4
Net income	926	887	4.4
U.S. advertising	52	34	53.2

Division sales	1985	1984	% chg
Local service	3,059	2,858	7.0
Intrastate	1,005	1,039	(3.3)
Access charges	2,589	2,544	1.8
Other	1,160	838	38.4

U.S. West, which provides telephone service to 14 western states, boosted its measured ad spending 53% in 1985 as it pushed its new theme: "The Spirit of the West is Working," for its three telephone subsidiaries and nonregulated enterprises.

U.S. West is one of the seven regional Bell holding companies created Jan. 1, 1984, by the breakup of New York-based AT&T. U.S. West continued its modest growth performance in 1985 into 1986, recording for the nine-month period ending Sept. 30, 1986, net income of $718 million, up 4% over the same period in 1985. Revenues were $6.2 billion, up 7%.

Measured media spending for the 11 media monitored for this issue was $27.3 million, up 53% over 1984 on the strength of $5.4 million in measured spot radio, up from no measured spending on the medium in 1984, and $5.7 million in 1985 measured newspaper spending, up 15.3%.

The bulk of U.S. West's measured media in 1985 was spent by its three telephone subsidiaries: Mountain Bell had $3.5 million in spot tv, down 4% from 1984; Northwestern Bell's spending grew 19% to $2.2 million, and Pacific Northwest Bell spending grew 20% to $3.2 million. Spot tv accounts for at least 90% of the media spending by each unit.

The three telephone subsidiaries also had combined yellow pages measured spot tv spending of $2 million in 1985, up 40% over 1984. General corporate promotion for U.S. West was up 39% in 1985 to $2.3 million, almost entirely in magazines.

U.S. West signaled its intention to become a major player in the business communciations market early in 1985 with the formation of U.S. West Information Systems, a subsidiary that consolidates the marketing and sales efforts of all U.S. West units in unregulated businesses.

The unit was formed by merging FirsTel, a regional business communications marketing organization, and Interline, a telecommunications system installation and maintenance company in some 36 states. In spring, 1986, the new unit paid $120 million to acquire Omaha, Neb.-based Applied Communications, a leading manufacturer of computerized transaction process software used in automated teller machines (ATMs).

Concerning the move into unregulated areas that typically attract corporate customers, analyst Gerald Mayfield, president of the professional services division of DMW Group, Stamford, Conn., says "the size of U.S. West's regional markets versus the rest of the country means it is naturally looking west and east. They want to build a natural presence. They're looking for big corporate accounts."

U.S. West also is looking beyond its territory in the publishing field. Its Landmark publishing unit purchased a dozen small white and yellow pages directory publishers in 1985, the largest being San Diego-based Trans Western Publishing Co. early in 1985, and Lomar/Johnson/Directory Publishing Co., Loveland, Colo., late in the year. The Landmark unit publishes over 800 directories in 42 states.

U.S. West's NewVector cellular telephone unit is expanding aggressively. In the second quarter of 1986, the unit paid $56 million for the cellular service franchise in San Diego. In 1985, the unit received approval for a joint venture to build a system serving the Gulf of Mexico, and completed plans to build a system in Costa Rica. NewVector now has cellular systems in 12 cities and the Gulf of Mexico, making it the 14th largest cellular system in the U.S.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$3,634	$2,739
Newspaper	5,722	4,963
Bus. pubs.	48	0
Spot tv	12,205	10,109
Spot radio	5,406	0
Outdoor	331	40
Total measured	27,346	17,851
Unmeasured	25,000	16,319
Total	52,346	34,170

U.S. WEST
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Corporate Personnel

Jack A. MacAllister, president-ceo
Richard D. McCormick, exec vp
John C. Willemssen, vp-strategic planning

Advertising Agency

Fallon McElligott, Minneapolis—Fred Senn, mgmt super; Mary Weber, acct super; Jane Dahl, acct exec.

FIRST TELEPHONE
COMMUNICATIONS
Englewood, Co.
Marketing Personnel

James Harrison, vp-mgmt
Steve Lang, dir comm
Mickey Clark, adv mgr

MOUNTAIN BELL
Denver, Co.
Corporate Personnel

R.C. Blanz, president

Marketing Personnel

J.B. O'Boyle, vp-mktg
S.J. Boulier, vp-pr & public affairs
S.C. Kanewske, adv mgr

Advertising Agency

Tracy Locke, Denver—John McLagan, exec vp-dir client services; John Putney, vp-mgmt super; Jan Wondera, Megan Miller, acct execs.

NORTHWESTERN BELL
Omaha, Neb.
Corporate Personnel

Thomas F. Madison, president

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—Dennis Sullivan, mgmt super; Joan Segal, acct coord; Ray Hathaway, acct exec.

PACIFIC NORTHWEST BELL
Seattle, Wash.
Coporate Personnel

Andrew V. Smith, president

Marketing Personnel

D.W. Goolsbe, vp-mktg
Sharon L. Vercimak, dir-pr

Advertising Agency

DFS Dorland, San Francisco—Brian Burns, mgmt super; Charles Skuba, acct super; Tom Shymanski, Carol Valentine, acct execs.

RANK **198**

Villa Banfi, U.S.A.

Old Brookville, N.Y.

($ in millions)

U.S.	1985	1984	% chg
Sales	185	195	(5.1)
Advertising	31	24	31.2

Villa Banfi USA, rebounding after two unfounded wine-tainting scandals hurt sales of its wine products, is repositioning its wine line in response to changing consumer tastes.

The company, marketer of classic wines under the Villa Banfi label and the Riunite line—the nation's largest imported wine brand—devoted most of its increased ad spending in 1985 to network tv. Network tv increased 30% from 1984 to $19.5 million.

Measured advertising over-all rose to $21.4 million, up from $16.8 million in 1984. Network tv accounts for most of Riunite advertising, and Riunite advertising accounts for virtually all of Villa Banfi advertising.

Banfi expects total ad spending to be unchanged or slightly down in 1986, primarily because of the wine scandals that led the company to pull ads for its Riunite line. Compounding the problem was the timing of the scandals—in late October, 1985, and April and May, 1986—key wine-selling periods.

In October, 1985, Banfi voluntarily recalled 1.2 million cases of Riunite after the Bureau of Alcohol, Tobacco & Firearms said a new test had detected minimal traces of toxic diethylene glycol in the wines. In April, 1986, Villa Banfi, as well as other leading Italian wine importers, pulled ads after methanol, or wood alcohol, was found in some table wines in Italy.

Widespread reports of the problems caused Riunite sales to plummet temporarily. The October recall showed that the DEG levels in Riunite, present because of a production accident, were not harmful. Riunite, the nation's leading imported wine, saw case depletions drop 8.6% in 1985, to 10.29 million cases, according to M. Shanken Communication's *Impact*, an industry newsletter. Its case depletions makes Riunite the No. 4 largest wine marketer stateside. The Gallo brand is No. 1 with 18.4 million cases, followed by Gallo's Carlo Rossi, 17.1, and Brown-Forman's California Cooler. Riunite, based on expected case depletion estimates in 1986, could drop to No. 6 as Gallo's Bartles & Jaymes, and possibly Sun Country from Canandaigua Wine Co. leap it in share of market.

The April methanol problem that resulted in several deaths in Italy was isolated to that country. The tainted Italian wines involved in the scandal were inexpensive local varieties that were never imported to the U.S. Despite this finding, the entire Italian table wine segment suffered sales declines, as retailers pulled the product off shelves and consumers shied away from Italian wine consumption. From January to July, Italian table wine shipments imported to the U.S. dropped 26%, to an estimated 24 million gals., according to the National Assn. of Beverage Importers.

Banfi is unsure whether total case sales of all brands in 1986 will reach the 1985 level of 10.8 million cases which generated revenues of an estimated $185 million, according to *Impact*. Frank Gentile, senior vp-sales & marketing, says peach Riunite, introduced in July, has done very well and may make up for sales lost during the April-May-June down period.

Hurt, but not defeated, Villa Banfi is responding to the crisis with a three-pronged attack. The popular-priced Riunite line—long marketed as a beverage, as opposed to a wine—is being repositioned with a more classic, upscale image. Banfi is doing away with its old "Riunite so nice, Riunite on ice" ad theme and is airing a spot developed in late 1985 positioning the Riunite line as an award-winner and Italy's best-loved brand.

The line—which includes Lambrusco, Rosario, D'Oro and Bianco varieties—outsells its nearest competitor, Jos. Garneau Co.'s Cella, nearly 5-to-1. Cella last year sold 2.5 million cases, according to *Impact*.

The repositioning of Riunite reflects the company's sensitivity to the scandals by reinforcing the wine's traditional heritage. Riunite in 1985 received 95% of the total measured budget at Villa Banfi, the same as in 1984, according to Leading National Advertisers. The line got $19.5 million in network tv, $675,000 in spot tv and $563,000 in magazines.

A second, new line of fruit-flavored Riunite is being promoted in much the same way the original Riunite line was advertised. The new line, capitalizing on the $1 billion burgeoning cooler segment, features a peach Riunite, introduced in July, and a raspberry Riunite, which rolled out in mid-October. Mr. Gentile says other fruit flavors are planned.

The fruit-flavored Riunite varieties are being positioned in the beverage category as popular, contemporary drinks to be consumed at any time with any meal. Banfi promotes the line with colorful, video-like spots themed "Peachy, peachy Riunite" targeting younger consumers. These spots will carry tags promoting the raspberry flavor, and next year the new flavor will get its own campaign.

Like coolers, fruit-flavored Riunite has a low alcohol content, about 6% alcohol, and is offered in a variety of sizes, including the traditional cooler four-packs. Mr. Gentile, however, notes that fruit Riunites differ from coolers in that water is not added to the product. He says the new products are creating a new segment in the market.

Banfi's third line, its classic wines, also are getting more marketing support. The Banfi wine line, which includes high-test wines ranging from $5 to $28 a bottle, received its first print ad support this year in upscale magazines such as *Gourmet* and *Bon Appetit*.

In 1985, Banfi also moved into the growing sparkling wine segment with its Riunite Spumante. Although the brand was introduced when popular priced bubbly is flattening in favor of more expensive brands, Mr. Gentile says Spumante finished 1985 with 300,000 case sales—"a very good start." He says last year's tv spots, themed "More taste than champagne," will air again this year during the peak holiday season.

Villa Banfi is privately held by the Mariani family. The company declines to disclose sales and profits

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$563	$616
Bus. pubs.	9	0
Network tv	19,497	14,949
Spot tv	1,245	707
Network radio	0	517
Spot radio	631	0
Network cable	84	0
Total measured	22,029	16,789
Unmeasured	9,000	6,859
Total	31,029	23,648

VILLA BANFI USA
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Harry Mariani, president
Marketing Personnel
Frank Gentile, sr vp-mktg & sales
Bob Musorofiti, vp-sales
Advertising Agency
Hicks & Greist, New York—Charles Skoog, chmn-acct super; Bertha Adams, acct exec.

Visa International

RANK **180**

San Francisco

($ in millions)			
Worldwide	**1985**	**1984**	**% chg**
Volume	107,200	85,500	25.4
U.S. advertising	42	30	38.6

Visa USA took on American Express in 1985 with a hard hitting comparative campaign that tries to convince the U.S. public to start "leaving home without it." Visa, no longer content with its image as a "shoppers card," launched the first round of its assault in October, 1985, with tv spots using the new theme, "Visa. It's everywhere you want to be."

Visa's pitch to gain a larger share of the lucrative travel and entertainment dollar comes at the same time that American Express is advertising its potential as a shoppers card.

Visa's commercials were the first offerings of New York-based BBDO since taking over the Visa USA account in April, 1985. Previously, Visa relied on an in-house agency. Visa USA is one of five regional units of Visa International, each of which is controlled autonomously. The other regions groups include Canada, Latin America, Europe-Middle East-Africa, and Asia-Pacific. More than 160 countries are served.

The tv spots show how widely accepted the Visa card is—from a boat rental yard in Bermuda to a family restaurant in Boston—and places were where American Express cards are not accepted. The spots play up the 5 million establishments worldwide that accept Visa, compared with 1.4 million for American Express.

Visa USA spent $15 million in measured media for Visa charge card ads in 1985, up 7% over 1984. The spending was divided 71% network tv, 10% spot tv, 12% magazine, 5% network radio, 1.5% cable tv, and 0.5% out-of-home.

Spending for the Visa card accounted for 57% of Visa's $26.4 million in measured spending for seven media, up 27% over 1984, according to Leading National Advertisers. Visa had total measured spending for 11-media of $29.8 million, up 39% over 1984. The difference between the LNA and 11-media largely was $3.1 million in measured spot radio spending. As part of its spending totals, Visa USA had a measured $8.1 million in 1985 for the Visa charge card and travelers checks, divided 71% network tv, 21% network radio and 5% magazine.

Visa took off the gloves in 1985 as part of the fight to protect its leadership position in the bank card business from growing competition in the form of third-party and general purpose charge cards. The 17,000 financial institutions authorizing Visa cards in the U.S. had 59%, or $75.2 billion, of the $126.3 billion dollar volume spent on bank cards in 1985. Visa's U.S. dollar volume increased 23% for the year, and represented 70% of Visa's $108 billion in international volume in 1985.

For comparison, MasterCard's 16,000 member institutions in the U.S. had dollar volume of $51.1 billion, up 21% over 1984 and representing 41% of the U.S. bank card total. MasterCard's U.S. volume represented 68% of its $75.3 billion international dollar volume.

American Express, which by far is the world's largest credit system, unlike Visa and MasterCard, which are authorized by individual banks, handled U.S. card volume of $44.5 billion in 1985. American Express's worldwide dollar volume of $55.4 billion was up 16% over 1984.

There were 97 million Visa card subscribers as of June 30, 1986, up 10% over the same date in 1985. MasterCard had 73 million. American Express had 17 million U.S. cardholders at the close of 1985. But coming on strong is Sears, Roebuck & Co.'s Discover card, introduced late in 1985, which by August, 1986, had 4.7 million cardholders. In an effort to gain market share, Sears is offering Discover cards to its 60-million credit customers with no annual fee.

By August, 1986, Sears had a base of 380,000 merchants accepting the card, which is accepted even by rival Montgomery Ward Co. An important disadvantage is that Discover has limited access to automated teller machines (ATMs) and bank processing systems. Merchants also cannot get immediate electronic credit for purchases, but must mail drafts to Ohio, which takes about five days, says John C. Pollock, editor of "Bank Credit Card Observer," Iselin, N.J. For comparison, Visa has access to 200,000 banking offices in 160 countries and 11,000 ATMs in 16 countries.

Spencer Nilson, publisher of the Los Angeles-based "Nilson Report," says Sears is at best a minor annoyance to Visa and American Express. "Sears is not a competitor to anybody. It doesn't have anywhere near the same number of merchants, cardholders or anything else. Sears isn't going to make it. It won't succeed," Mr. Nilson says.

Visa USA boosted ad spending by 11% for the Visa Premier charge card in 1985. Premier, which was introduced in 1984, received $3 million in measured magazine spending. Visa also announced focus group testing of two prototype "Super Smart" cards in late 1986. The card contains a keypad and built-in computer chip allowing users to calculate and record banking and credit transactions.

Visa announced in April, 1986, that it would be splitting the credit card exclusivity category on ABC's coverage of the 1988 Winter Olympics in Calgary, Canada, with American Express. Neither Visa nor American Express would reveal the price paid for the media buy. Visa also plans to participate in NBC-TV's coverage of the summer Olympics in Seoul, Korea, a spokesman says.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$5,581	$6,233
Bus. pubs.	347	436
Network tv	16,449	14,550
Spot tv	1,476	1
Network radio	2,466	0
Spot radio	3,047	0
Network cable	217	255
Outdoor	185	2
Total measured	29,768	21,476
Unmeasured	11,900	8,585
Total	41,668	30,061

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Jan Soderstrom, vp-adv
David Roberts, mgr-adv
Advertising Agency
(In-house) Visa Communications.
BBDO, New York-all prods-Gary De Paolo, vp-sr mgmt dir; William Katz, mgmt super; Ann Billock, acct super; Mike Hedge, assoc media dir; Charles Miesmer, sr creative dir; John Greenberger, creative dir; Art Mellor, assoc creative dir.

A.B. Volvo

RANK **166**

Goteborg, Sweden

($ in millions)			
Worldwide	**1985**	**1984**	**% chg**
Sales	9,887	9,979	(0.9)
Net income	436	436	0.0
U.S.	**1985**	**1984**	**% chg**
Sales	2,764	2,351	17.6
Advertising	49	33	50.5

Volvo Cars N.A., the car marketing division of Volvo North America Corp., both of Rockleigh, N.J., increased its sales in the U.S. for the ninth year in a row and in 1985 became the first European import to crack the 100,000-unit sales mark.

Formerly called Volvo of America, the company was reorganized as Volvo N.A. on April 30, 1985, with all U.S. and Canadian Volvo subsidiaries becoming operating divisions. The move separated car, truck, bus, industrial equipment and marine divisions. The car division accounted for more than 90% of measured media spending by Volvo N.A. in 1985.

Volvo reported sales of 102,300 cars in the U.S. and 8,100 in Canada. Total North American market sales of 110,400 were up 3.8% from 1984, and represented 28% of worldwide car sales of 392,600 by parent company A.B. Volvo, Goteborg, Sweden. U.S. sales continued to climb in 1986, with the totals for the first eight months showing an increase of more than 10% from the previous year's levels.

The sales growth affirmed Volvo's decision to broaden its appeal beyond its traditional market of family-type buyers. The company brought out its performance-oriented 740 sedan and 760 station wagon in March, 1985, the first Volvo models to be introduced in the U.S. before going on sale in Sweden.

Pehr Gyllenhammer, chairman and ceo of A.B. Volvo, said in a Detroit press conference in November, 1985, that the company's North American strategy was to boost revenues faster than unit sales. The 700 series cars moved the company in that direction. While Volvo's long-running 240 model was priced a little more than $14,000 at the beginning of the 1986 model year, base price on the 740 sedan was more than $18,000 and the 760 wagon nearly $25,000.

The 700 series accounted for 49,454 U.S. unit sales in 1985, including 12,290 station wagon sales. Volvo says it spent 35% of its 1985 car ad budget on the station wagon, a vehicle that differentiated the company from other European performance cars.

The 24% growth in 1985 in the seven media monitored by Leading National Advertisers was primarily because of the 700 series, which got about $9.7 million of the $20.3 million LNA total. The series also was heavily supported in non-LNA measured national newspapers and spot tv, totaling $12.9 million for all Volvo lines.

"Everything a station wagon was intended not to be" was the theme in advertising from Scali, McCabe, Sloves, New York. One ad took on the clumsy image carried by station wagons with the line, "At last, a wagon meant to be enjoyed, not just endured." Tv spots built on Volvo's traditional image of strength and safety by stacking seven wagons atop one another, duplicating a popular 1974 Volvo commercial.

A print ad that showed the back of a 740 sedan attempted to establish a European performance image for the car with a headline, "The Volvo Turbo as most commonly viewed from a BMW 318i."

In November, 1985, Volvo expanded its tennis ties with the Volvo Tennis Card. In 1984, Volvo began sponsoring a mixture of professional, college and recreational tennis matches after being supplanted by RJR Nabisco in the Grand Prix and Masters men's pro tour. The new card, offered for $25, allowed the bearer to get discounts and special offers on tennis-related merchandise, publications, vacations and lessons. The company spent $3 million on Volvo Tennis in 1985, 50% more than 1984, with about half being spent on pro events.

Volvo introduced a road service program, similar to one first offered by Mercedes-Benz of North America three years earlier, with a multi-million-dollar ad campaign that broke May 1, 1986.

Dubbed the "Volvo On Call" plan, the program was offered in conjunction with Amoco Motor Club, which administered it. It offered a traditional road assistance program plus free service 24 hours a day during the three-year, unlimited mileage warranty.

The plan covered free roadside assistance and towing, reimbursements for food and lodging in case an accident or mechanical failure caused an overnight stay, plus amenities such as free maps and trip routing.

One print ad for the service pictured a phone receiver below a headline, "With Volvo roadside assistance, this is the only tool you'll ever need."

The program was aimed at enhancing Volvo's reputation for quality, safety, reliability and price value. It also signaled a shift in emphasis, in favor of advertising the full brand instead of individual models. That was reflected in a change of theme line, as "A car you can believe in" became "A car company you can believe in."

Volvo is planning to further broaden its product lineup with new entries in the next two years. The 780, a two-door coupe with $20,000-plus price tag, will be available in 1987. The body is being designed and built by Carozzeria Bertone S.p.A. of Turin, Italy. The DAF/Volvo 480ES, a two-door sports coupe with front-wheel-drive produced by Volvo Cars B.V., a Dutch subsidiary, is expected to be priced from $13,000 to $16,000 when it is introduced in the U.S. in 1988.

Volvo's truck manufacturing and marketing group, Volvo White Truck Corp., Greensboro, N.C., in August, 1986, announced plans to form a joint venture company with General Motors Corp.'s Truck & Bus Group, Detroit, to produce and market heavy-duty trucks for distribution in North America. The company, to be named Volvo GM Heavy Truck Corp., will be based in Greensboro.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$11,099	$8,526
Newspaper	8,970	5,599
Newsp. supps.	596	385
Bus. pubs.	931	909
Network tv	436	332
Spot tv	7,714	6,976
Spot radio	3,969	0
Network cable	478	0
Outdoor	20	0
Total measured	34,213	22,726
Unmeasured	15,000	9,964
Total	49,213	32,690

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VOLVO WHITE TRUCK
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VOLVO-PENTA OF AMERICA
Marketing Personnel
Alan Revington, genl mgr
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Hiram Walker Resources

RANK **181**

Toronto

($ in millions)			
Worldwide	**1985**	**1984**	**% chg**
Sales	3,765	3,676	2.4
Net income	319	245	30.2
U.S.	**1985**	**1984**	**% chg**
Sales	1,226	1,173	4.5
Advertising	41	40	2.4
Division sales	**1985**	**1984**	**% chg**
Distilled spirits	1,516	1,448	4.7
Nat'l resources	482	451	6.9
Gas utility	1,767	1,777	(0.6)

The last year and a half has been a period of turmoil for Hiram Walker Resources, the giant Canadian holding company with divisions in oil and gas exploration, gas utilities and distilled spirits that has been beset with take-over bids by TransCanada and Gulf Canada.

The financial machinations, however, did little to affect the company's performance, which, with small exception, moved forward at a steady pace. In its 1985 fiscal year ended Sept. 30, sales increased in two of three divisions and despite a terrible year for the Canadian economy, net income increased 30.2%. The U.S. contributed 32.6% of total sales and 24.8% of total earnings from operations.

In the first three quarters of fiscal 1986, the company posted total worldwide sales of nearly $3.1 billion, up from $3 billion for the same period in 1985, and net income of $267 million, up 20.8%.

The source of the company's advertising expenditure, is its distilled spirits division, Hiram Walker, Goerham & Worts Ltd., which operates in Canada as Hiram Walker Ltd. and in the U.S. primarily as Hiram Walker Inc. in Detroit but also includes Makers Mark Distillery in Louisville, Ky., Frederick Wildman & Sons Ltd., New York, Maidstone Wine & Spirits, Universal City, Cal., and Callaway Vineyard & Winery, Temecula, Cal.

In an industry panicking over sinking sales and shrinking consumer trial (as consumers turn to lighter beverages such as wine coolers), the division grew 4.7% over-all in sales in 1985. For the first three quarters of fiscal 1986, sales grew 4.9% to just under $1.2 billion compared with about $1.1 billion for the same period in fiscal 1985.

Five key brands and the line of liqueurs marketed in the U.S. accounted for 75% of earnings in 1985 from distilled spirits operation, according to the company.

Canadian Club, marketed primarily in the U.S., Canada, U.K. and Japan, ranked 12th in the U.S. in 1985 with case depletions of 2.75 million, down 6.5% from 1984, continuing the decline of several years, according to *Impact*, a newsletter for the beer, wine and distilled spirits industry. Canadian dian Club has a 12% share of category.

Ballantine's Scotch, the company's largest selling brand with market strength in western Europe and Japan, increased sales by 5% with particularly strong gains in France, Holland and Greece, says the company. Ballantine does not make *Impact's* top 25 in case depletions in the U.S.

Building on redesigned packaging and line extensions of new premium levels, Courvoisier cognac also held its competitve position, as did Kahula, which improved sales and held its position as the leading imported liqueur in the U.S. Tia Maria, another import to the U.S., also performed well, the company says. Hiram Walker cordials as a group ranked 23rd in case depletions in 1985 in the U.S., according to *Impact*, with case depletions of 1.6 million, up 7.4% from 1984. The cordials have an 8% share of category.

Meanwhile, media spending in the division remained static as measured media fell to $28.8 million, from just over $29 million. Media concentration is magazines and outdoor.

As part of this seven-media total in Leading National Advertisers, the division increased advertising of its flagship brand, Canadian Club, to $8.2 million, up 6.5%, but eliminated a $900,000-plus budget supporting its 1984 sweepstakes promotion, reducing slightly its over-all support for the brand. The division began a Courvoisier Sweepstakes promotion and diverted about $200,000 to support it, reducing Courvoisier image advertising spending by 3% to $3.5 million.

Secondary brands, including Makers Mark, Royal Canadian Whiskey, Haagen-Dazs Cream Liqueur and Lauder's Scotch all showed reduced spending in 1985.

The single biggest percentage increase went to a new product introduced in 1984, Canadian Club Classic, a 12-year-old blended whisky which was not heavily marketed until last year. The company increased measured spending from about $23,000 to

200 leading national advertisers by

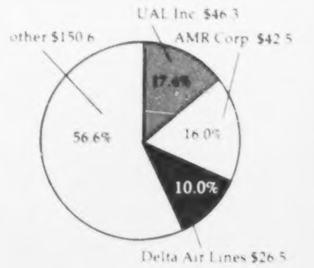
Primary business	Rank	Company	U.S. ad spending 1985	U.S. ad spending 1984	U.S. sales 1985	U.S. sales 1984	Adv. % U.S. sales 1985	Adv. % U.S. sales 1984
AIRLINES	81	AMR Corp.	$105,412	$94,925	$6,131,028	$5,354,000	1.7	1.8
	88	Delta Air Lines	94,020	93,519	4,460,062	4,684,000	2.1	2.0
	91	Eastern Air Lines	89,700	78,230	4,815,070	4,363,898	1.9	1.8
	191	NWA Inc.	34,543	13,939	2,655,491	2,444,974	1.3	0.6
	121	Pan American World Airways	65,199	44,445	N/A	N/A	N/A	N/A
	178	People Express Airlines	42,695	9,630	977,864	586,802	4.4	1.6
	192	Texas Air Corp.	34,126	37,430	1,944,190	1,371,702	1.8	2.7
	116	Trans World Airlines	66,900	68,253	N/A	N/A	N/A	N/A
	62	UAL Inc.	145,000	115,260	6,383,405	6,967,599	2.3	1.7
APPLIANCES	115	Black & Decker Corp.	67,642	47,231	1,102,210	924,590	6.1	5.1
	196	Craftmatic/Contour Industries	32,359	19,218	34,036	20,487	N/A	N/A
	113	North American Philips Corp.	68,620	62,834	4,395,200	4,325,900	1.6	1.5
	135	Whirlpool Corp.	61,695	61,307	3,474,456	3,137,482	1.8	2.0
AUTOMOTIVE	65	American Motors Corp.	126,000	127,321	4,039,901	4,215,000	3.1	3.0
	163	BMW A.G.	49,875	35,572	N/A	N/A	N/A	N/A
	22	Chrysler Corp.	393,400	344,117	18,767,200	17,240,000	2.1	2.0
	124	Daimler-Benz A.G.	64,643	51,735	3,893,400	3,629,000	1.7	1.4
	7	Ford Motor Co.	614,600	521,564	43,526,000	36,788,000	1.4	1.4
	182	Fuji Heavy Industries	41,004	33,029	N/A	N/A	N/A	N/A
	5	General Motors Corp.	779,000	731,446	89,099,000	69,356,000	0.9	1.1
	55	Honda Motor Co.	156,475	136,096	N/A	N/A	N/A	N/A
	85	Mazda Motors of America	101,743	71,928	N/A	N/A	N/A	N/A
	194	Mitsubishi Corp.	33,597	28,277	N/A	N/A	N/A	N/A
	49	Nissan Motor Co.	162,566	165,149	N/A	N/A	N/A	N/A
	45	Toyota Motor Corp.	172,035	138,442	N/A	N/A	N/A	N/A
	67	Volkswagen of America	123,100	99,691	N/A	N/A	N/A	N/A
	166	AB Volvo	49,213	32,690	2,764,270	2,351,350	1.8	1.4
BEER, WINE & LIQUOR	10	Anheuser-Busch Cos.	522,900	507,474	7,683,300	7,158,200	6.8	7.1
	87	Brown-Forman Co.	94,260	67,765	1,208,113	1,146,343	7.8	5.9
	83	Adolph Coors Co.	104,981	87,703	1,281,122	1,263,000	8.2	6.9
	129	E&J Gallo Winery	62,826	49,190	650,000	585,000	9.7	8.4
	107	G. Heileman Brewing Co.	70,064	73,801	1,326,338	1,341,549	5.3	5.5
	177	National Distillers & Chemical	43,471	47,491	2,196,800	2,162,600	2.0	2.2
	76	Jos. E. Seagram Co.	110,183	116,011	1,739,000	1,752,000	6.3	6.6
	74	Stroh Brewery Co.	113,000	137,639	1,600,000	1,600,000	7.1	8.6
	89	Van Munching & Co.	93,388	82,781	N/A	N/A	N/A	N/A
	198	Villa Banfi, U.S.A.	31,029	23,648	185,000	195,000	16.8	12.1
	181	Hiram Walker Resources	41,225	40,279	1,226,000	1,173,000	3.4	3.4
CHEMICALS & PETROLEUM	31	American Cyanamid Co.	266,189	284,685	2,489,100	2,497,500	10.7	11.4
	170	Chevron Corp.	46,472	43,341	30,253,000	29,953,000	0.2	0.1
	82	Dow Chemical Co.	105,000	91,682	5,211,000	5,293,000	2.0	1.7
	75	E.I. du Pont de Nemours & Co.	112,184	106,065	20,301,000	21,395,000	0.6	0.5
	195	Exxon Corp.	33,005	39,500	N/A	N/A	N/A	N/A
	40	Mobil Corp.	195,262	175,900	16,601,000	16,309,000	1.2	1.1
	90	Monsanto Co.	92,885	88,989	4,451,000	4,498,000	2.1	2.0
	140	Royal Dutch/Shell Group of Cos.	60,333	43,552	20,416,000	20,776,900	0.3	0.2
	77	Union Carbide Corp.	110,000	97,447	6,371,000	6,766,000	1.7	1.4
ELECTRONICS & OFFICE EQUIPMENT	94	Apple Computer	83,859	133,844	1,490,396	1,187,839	5.6	11.3
	158	Commodore International	51,615	71,565	375,500	761,200	13.7	9.4
	24	GE/RCA	373,336	446,378	35,060,300	33,956,100	1.1	1.3
	117	Hewlett-Packard Co.	66,467	63,461	3,696,000	3,527,000	1.8	1.8
	27	International Business Machines	327,834	388,978	28,511,000	27,371,000	1.1	1.4
	92	Matsushita Electric Industrial Co.	86,000	93,899	3,700,000	3,500,000	2.3	2.7
	155	Sony Corp.	51,898	52,558	1,954,171	1,752,223	2.7	[illegible]
	41	Tandy Corp.	186,861	193,804	N/A	N/A	N/A	N/A
	64	Xerox Corp.	128,898	129,743	5,545,000	5,655,000	2.3	2.3
ENTERTAINMENT & COMMUNICATIONS	98	Capital Cities/ABC	72,247	68,024	4,002,000	4,625,000	1.8	1.5
	39	CBS Inc.	208,000	200,945	4,201,000	4,054,000	5.0	5.0
	63	Walt Disney Co.	140,000	69,497	N/A	N/A	N/A	N/A
	200	Doubleday & Co.	29,936	30,202	472,300	440,000	6.3	6.9
	197	Dow Jones & Co.	32,051	21,917	1,039,314	965,620	3.1	2.3
	95	Gulf & Western	82,101	95,299	2,991,000	4,867,000	2.7	2.0
	187	Hearst Corp.	36,494	22,821	1,540,000	1,400,000	2.4	1.6
	86	MCA Inc.	98,360	81,892	1,786,257	1,381,170	5.5	5.9
	160	MGM/UA Entertainment Co.	50,692	57,100	518,791	474,748	9.8	12.0
	56	Time Inc.	156,205	137,001	3,404,000	3,067,000	4.6	4.5
	168	Triangle Publications	48,730	39,329	720,000	657,000	6.8	6.0
	176	20th Century-Fox Film Corp.	43,539	61,818	394,828	488,309	11.0	12.7
	66	Warner Communications	124,165	165,467	1,881,725	1,726,784	6.6	9.6
FINANCE	47	American Express Co.	169,868	173,424	9,434,000	7,367,000	1.8	2.4
	137	Citicorp	61,337	45,816	4,843,000	3,556,000	1.3	1.3
	172	Household International	45,762	47,804	3,020,600	2,561,200	1.5	1.9
	185	MasterCard International	39,233	39,129	N/A	N/A	N/A	N/A
	184	Merrill Lynch & Co.	40,113	14,596	7,116,975	6,037,802	0.6	0.2
	143	Prudential Insurance Co.	57,891	35,648	23,564,000	18,209,000	0.2	0.2
	173	Transworld Corp.	45,660	48,901	1,563,210	1,365,793	2.9	3.6
	180	Visa International	41,668	30,061	N/A	N/A	N/A	N/A
FOOD	6	Beatrice Cos.	684,000	662,006	8,662,000	9,262,000	7.9	7.1
	123	Borden Inc.	64,961	90,500	3,892,900	3,815,000	1.7	2.4
	38	Campbell Soup Co.	215,059	210,368	3,344,702	3,120,532	6.4	6.7
	131	Castle & Cooke	62,505	50,114	1,276,000	1,222,000	4.9	4.1
	112	ConAgra Inc.	68,962	66,899	5,911,046	5,498,157	1.2	1.2
	70	CPC International	120,000	126,083	1,765,000	1,815,000	6.8	6.9
	13	Dart & Kraft	489,349	474,820	7,316,900	7,129,000	6.7	6.7
	14	General Mills	484,146	451,705	N/A	N/A	N/A	N/A
	32	H.J. Heinz Co.	261,541	228,385	2,764,815	2,661,700	9.5	8.6
	100	George A. Hormel & Co.	70,702	46,215	N/A	N/A	N/A	N/A
	46	IC Industries	171,000	137,318	3,943,900	3,402,700	4.3	4.0
	25	Kellogg Co.	364,299	301,950	2,074,900	1,770,000	17.6	17.1
	28	Nestle SA	319,254	286,955	N/A	N/A	N/A	N/A
	17	Pillsbury Co.	473,220	448,547	5,373,700	4,442,200	8.8	10.1
	36	Quaker Oats Co.	245,997	234,045	N/A	N/A	N/A	N/A
	12	Ralston Purina Co.	508,365	446,468	N/A	N/A	N/A	N/A
	3	RJR/Nabisco	1,093,000	1,181,072	12,557,000	10,216,000	8.7	11.6
	29	Sara Lee Corp.	285,956	249,394	6,631,000	5,632,000	4.3	4.4
	132	United Biscuits Holdings plc	62,427	73,557	1,070,780	992,615	5.8	7.4
GUM & CANDY	153	Cadbury Schweppes plc	52,072	43,590	452,672	669,400	11.5	6.5
	71	Hershey Foods Corp.	118,990	104,461	1,996,154	1,848,492	6.0	5.7
	30	Mars Inc.	275,504	217,152	N/A	N/A	N/A	N/A
	96	Wm. Wrigley Jr. Co.	81,536	70,496	444,038	417,206	18.4	16.9

NOTE: Dollars in thousands
Source: Sales and earning figures are from public documents and reflect the latest fiscal year. Where estimated U.S. sales are more than 90% of worldwide sales, worldwide sales are used. Advertising expenditures are estimates. For further explanation, see *Where Ad Age got its data*, Page S-16.

Top three in selected

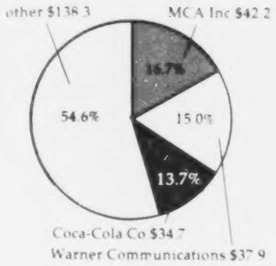
Airline travel

Total spending: $265.9



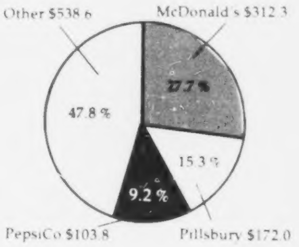
Motion picture

Total spending: $253.1



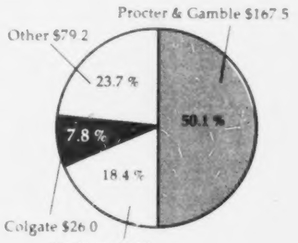
Restaurant & hotel dining

Total spending: $1,126.7



Laundry detergents

Total spending: $334.0



NOTE: Dollars in millions. Amounts in graphs represent LNA 7-media totals only. Other media measuring services break out categories differently. Source: Leading National Advertisers Class/Brand reports.

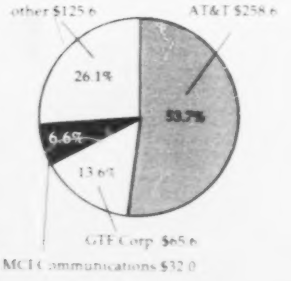
primary business and ad spending

Primary business	Rank	Company	U.S. ad spending 1985	U.S. ad spending 1984	U.S. sales 1985	U.S. sales 1984	Adv. % U.S. sales 1985	Adv. % U.S. sales 1984
JEWELRY	189	DeBeers Consolidated Mines	$35,597	$28,509	N/A	N/A	N/A	N/A
	144	Hattori-Seiko Co.	57,179	37,812	N/A	N/A	N/A	N/A
	120	Zale Corp.	65,300	31,620	$1,014,166	$967,087	6.4	3.3
MISCELLANEOUS	69	American Dairy Assn.	121,000	60,243	N/A	N/A	N/A	N/A
	193	Armstrong World Industries	33,749	26,169	1,405,600	1,342,700	2.4	1.9
	138	Blue Cross & Blue Shield Assn.	60,607	40,655	41,500,000	40,000,000	0.1	0.1
	161	Federal Express Corp.	50,301	58,822	2,606,210	2,030,661	1.9	2.9
	190	State of Florida	35,147	31,281	N/A	N/A	N/A	N/A
	171	Franklin Mint Corp.	46,450	43,609	350,000	290,000	13.3	15.0
	84	Greyhound Corp.	102,604	88,797	3,278,000	2,757,000	3.1	3.2
	179	Hallmark Cards	41,901	68,255	1,500,000	1,500,000	2.8	4.6
	126	Marriott Corp.	64,233	65,825	4,241,700	3,524,900	1.5	1.9
	33	U.S. Government	259,050	324,814	N/A	N/A	N/A	N/A
PAPER & FOIL	110	Kimberly-Clark Corp.	69,541	83,962	3,042,200	2,655,000	2.3	3.2
	188	Reynolds Metal Co.	36,258	44,459	3,214,100	3,459,000	1.1	1.3
	149	Scott Paper Co.	54,626	57,137	2,629,700	2,536,600	2.1	2.3
PHARMACEUTICALS	21	American Home Products Corp.	399,516	412,633	3,636,900	3,435,900	11.0	12.0
	78	Bayer AG	108,000	105,604	4,177,000	3,900,000	2.6	2.7
	199	Block Drug Co.	31,013	41,696	182,938	168,405	17.0	24.8
	26	Bristol-Myers Co.	344,293	347,634	3,380,200	3,148,800	10.2	11.0
	119	Carter-Wallace	65,604	65,235	323,962	278,060	20.3	23.5
	154	Ciba-Geigy Ltd.	51,943	42,352	2,363,000	2,360,000	2.2	1.8
	20	Johnson & Johnson	401,217	420,408	3,989,900	3,735,900	10.1	11.3
	186	Jeffrey Martin Inc.	37,338	40,428	65,560	58,540	57.0	69.1
	53	Pfizer Inc.	158,463	153,950	2,342,600	2,171,600	6.8	7.1
	174	A.H. Robins Co.	45,332	47,291	566,200	496,400	8.0	9.5
	148	Sandoz Ltd.	54,782	45,708	N/A	N/A	N/A	N/A
	48	Schering-Plough Corp.	169,383	145,857	1,123,700	1,075,700	15.1	13.6
	157	SmithKline Beckman Corp.	51,718	61,737	2,341,500	2,098,300	2.2	2.9
	167	Squibb Corp.	48,870	37,464	1,213,000	1,135,800	4.0	3.3
	37	Sterling Drug	224,940	221,107	1,143,575	1,086,202	19.7	20.4
	183	Thompson Medical Co.	40,236	47,846	133,083	189,804	30.2	25.2
	18	Warner-Lambert Co.	469,339	440,996	1,670,000	1,535,000	28.1	28.7
	162	Wellcome Foundation	50,043	35,624	565,365	403,471	8.9	8.8
PHOTOGRAPHY	97	Canon Inc.	81,201	102,721	1,500,600	1,260,000	5.4	8.2
	35	Eastman Kodak Co.	247,300	329,066	7,392,000	7,414,000	3.3	4.4
	146	Minolta Co.	56,734	33,541	N/A	N/A	N/A	N/A
	109	Polaroid Corp.	69,555	74,148	779,300	743,500	8.9	10.0
RESTAURANTS	133	Chesapeake Financial Corp.	62,271	49,009	989,107	524,292	6.3	9.3
	165	Denny's Inc.	49,617	43,665	1,340,000	1,300,000	3.7	3.4
	127	Imasco Ltd.	63,421	53,738	N/A	N/A	N/A	N/A
	128	Jerrico Inc.	63,183	46,954	564,320	518,230	11.2	9.1
	9	McDonald's Corp.	550,000	457,198	2,863,826	2,624,910	19.2	17.4
	72	Wendy's International	115,000	99,598	1,125,617	944,768	10.2	10.5
RETAIL NON-FOOD	147	Carter Hawley Hale Stores	55,039	37,338	3,977,913	3,724,394	1.4	1.0
	99	Cotter & Co.	71,670	67,468	1,702,000	1,653,000	4.2	4.1
	103	Dayton-Hudson Corp.	70,500	67,837	8,793,000	8,009,000	0.8	0.8
	111	Federated Department Stores	69,395	70,272	9,978,027	9,672,336	0.7	0.7
	8	K mart Corp.	567,000	757,216	22,400,000	21,100,000	2.5	3.6
	141	May Department Stores	59,352	40,888	5,079,900	4,614,400	1.2	0.9
	15	J.C. Penney Co.	478,892	460,219	13,228,000	12,963,000	3.6	3.6
	118	Rapid-American Corp.	66,432	59,208	2,032,716	1,819,139	3.3	3.3
	4	Sears, Roebuck & Co.	800,000	913,657	N/A	N/A	N/A	N/A
	150	Southland Corp.	53,929	40,989	N/A	N/A	N/A	N/A
	101	Levi Strauss & Co.	70,637	135,178	N/A	N/A	N/A	N/A
	125	F.W. Woolworth Co.	64,543	55,167	3,648,000	3,468,000	1.8	1.6
RETAIL FOOD	114	American Stores Co.	68,168	57,496	13,889,528	12,118,793	0.5	0.5
	104	Kroger Co.	70,157	53,948	17,123,531	15,922,891	0.4	0.3
	164	Lucky Stores	49,775	46,439	9,382,282	9,236,529	0.5	0.5
	169	Safeway Stores	47,318	52,003	15,389,928	15,042,760	0.3	0.3
RUBBER TIRES	139	Firestone Tire & Rubber Co.	60,512	49,784	2,773,000	2,869,000	2.2	1.7
	58	Goodyear Tire & Rubber Co.	149,305	158,421	6,437,300	7,092,000	2.3	2.2
SOAPS & CLEANERS	79	Clorox Co.	107,105	110,156	1,089,700	1,054,847	9.8	10.4
	34	Colgate-Palmolive Co.	253,495	259,217	2,169,988	2,025,431	11.7	12.8
	61	S.C. Johnson & Sons	146,146	98,591	N/A	N/A	N/A	N/A
	1	Procter & Gamble	1,600,000	1,461,925	10,243,000	9,554,000	15.6	15.3
	19	Unilever U.S.	413,623	398,810	4,188,000	3,606,000	9.9	11.1
SOFT DRINKS	23	Coca-Cola Co.	390,000	408,711	4,909,000	4,566,000	7.9	9.0
	16	PepsiCo Inc.	478,372	422,120	7,105,000	6,707,000	6.7	6.3
TELEPHONE	11	American Telephone & Telegraph	521,318	569,930	34,909,500	33,187,000	1.5	1.7
	122	Ameritech	64,991	58,559	9,021,100	8,346,800	0.7	0.7
	106	Bell Atlantic Corp.	70,067	36,726	9,084,200	8,090,100	0.8	0.5
	102	BellSouth Corp.	70,600	58,896	10,663,900	9,631,400	0.7	0.6
	57	GTE Corp.	153,606	100,457	13,563,000	13,422,000	1.1	0.7
	59	ITT Corp.	149,000	137,560	12,253,000	10,922,000	1.2	1.3
	136	MCI Communications Corp.	61,363	59,159	2,540,000	1,959,300	2.4	3.0
	105	Nynex Corp.	70,080	52,953	10,314,000	9,573,000	0.7	0.6
	134	Pacific Telesis Group	62,079	53,271	8,498,000	7,824,000	0.7	0.7
	108	Southwestern Bell Corp.	70,000	55,324	7,925,000	7,191,300	0.9	0.8
	152	US West	52,346	34,170	7,817,600	7,279,600	0.7	0.5
TOBACCO	51	American Brands	160,000	155,791	3,150,000	3,065,000	5.1	5.1
	44	Batus Industries	175,420	175,199	N/A	N/A	N/A	N/A
	43	Grand Metropolitan plc	176,749	174,547	2,269,900	1,897,300	7.8	9.2
	54	Loews Corp.	156,918	189,324	N/A	N/A	N/A	N/A
	2	Philip Morris Cos.	1,400,000	1,335,424	11,496,000	10,034,000	12.2	13.3
TOILETRIES & COSMETICS	145	Alberto-Culver Co.	56,863	57,798	285,660	250,751	19.9	23.1
	151	Avon Products	53,402	39,869	1,582,200	1,638,800	3.4	2.4
	42	Beecham Group plc	186,322	178,440	1,007,500	1,044,000	18.5	17.1
	52	Chesebrough-Pond's	159,792	149,454	2,084,982	1,144,339	7.7	13.1
	68	Cosmair Inc.	122,149	120,424	N/A	N/A	N/A	N/A
	156	Helene Curtis Industries	51,832	61,561	360,754	329,127	14.4	18.7
	50	Gillette Co.	161,000	165,740	1,024,800	1,102,000	15.7	15.0
	130	Estee Lauder Inc.	62,741	56,346	750,000	625,000	8.4	9.0
	159	Mennen Co.	50,851	46,824	N/A	N/A	N/A	N/A
	80	Noxell Corp.	106,128	111,514	327,781	299,547	32.4	37.2
	60	Revlon Group	147,215	197,834	1,830,000	N/A	8.0	N/A
	175	Tambrands	44,004	46,720	312,800	294,500	14.1	15.9
TOYS	142	Coleco Industries	58,347	54,405	715,576	707,975	8.2	7.7
	73	Hasbro Inc.	114,849	84,865	965,038	561,000	11.9	15.1
	93	Mattel Inc.	85,092	75,983	765,010	697,000	11.1	10.9

advertisers categories

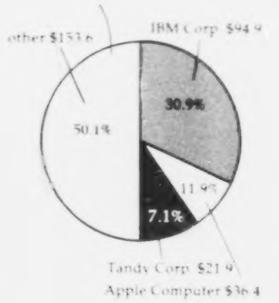
Telephone cos.

Total spending: $481.8



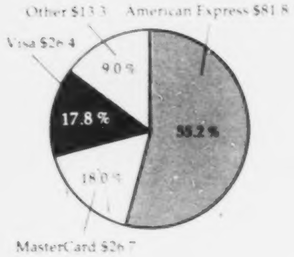
Computers & components

Total spending: $306.8



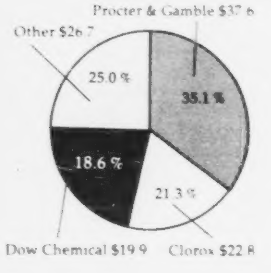
Credit cards

Total spending: $148.2



Household cleansers

Total spending: $107.0



$931,000. To handle the national rollout, Hiram Walker spurned its main agency, McCaffrey & McCall, New York, which last year introduced a new, contemporary look campaign themed "Be a Part of It," for the main Canadian Club brand. Instead, it assigned the new accout to USAdvertising, New York.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$21,421	$21,080
Newspaper	2,430	1,499
Newsp. supps.	302	169
Outdoor	7,073	7,760
Total measured	31,225	30,508
Unmeasured	10,000	9,770
Total	41,225	40,279

HIRAM WALKER RESOURCES LTD.
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Corporate Personnel

Gerard C. Gianni, president

Marketing Personnel

William P. Wilde, dir-mktg
Gerald Simpson, dir-admin
Stephen Escoff, natl sales mgr
William R. Buesching, dir-mktg projects

HIRAM WALKER-GOODERHAM & WORTS LTD.

Marketing Personnel

H.C. Hatch Jr., president

W.A. TAYLOR & CO.

Marketing Personnel

J.J. Harcarufka, president
B. Levine, vp-sales
R. Robillard, vp-mktg

MAIDSTONE WINE & SPIRITS

Marketing Personnel

R.W. Stevens, president
R.V. Augello, sr vp
James Flaherty, vp-natl sales

MAKERS MARK DISTILLERS

Marketing Personnel

T.W. Samuels Jr., president
J. Conn, vp-sales

HIRAM WALKER BRANDS LTD.

Marketing Personnel

J.D. Young, president
D. Stoakes, vp-mktg

CALLAWAY VINEYARDS

Marketing Personnel

T. Clancy, president
John Moramarco, vp

FREDERICK WILDMAN

Marketing Personnel

P.U. Ferrari, president
Margaret Stern, vp-mktg
W. Finch, vp-admin

Advertising Agencies

Lockhart & Pettus, New York—Canadian Club, Black adv—Keith Lockhart, president; Theodore D. Pettus, exec vp; Ronn D. Harris, sr vp-dir client services.

McCaffrey & McCall, New York—Canadian Club, Haagen Dazs Cream Liqueur, Hiram Walker Schnapps, Hiram Walker Cordials—Norman S. Freeman, exec vp-group acct dir; Samuel Fertig, sr vp-mgmt super; Lisa DeCrane, Ellen J. Rosen, acct execs.

Simons Michelson Zieve, Troy, Mich.—Imperial, Walker's Deluxe and Ten High bourbon, Lauder's scotch, Royal Canadian whisky, Northern Light Canadian whisky, Two Fingers tequilla—James A. Micholson, president.

Sosa & Associates, San Antonio, Tex.—Canadian Club, Hispanic adv—Lionel Sosa, president, Debra Gish, acct super.

USAdvertising, New York—Canadian Club Classic—Ron Vrba, ceo; Ken Fehskens, sr vp; Thomas Jasinski, vp-mgmt super.

Wellcome Foundation

RANK **162**

London

($ in millions)

Worldwide	1985	1984	% chg
Sales	1,269	1,020	24.5
Net income	154	113	36.7

U.S.	1985	1984	% chg
Sales	565	403	40.1
Operating profits	222	145	52.6
Advertising	50	36	40.5

Wellcome Foundation, whose U.S. subsidiary, Burroughs Wellcome Co., is preparing to market an anti-AIDS drug called AZT that will prolong the life and ease the suffering of patients stricken with acquired immune deficiency, showed substantial improvement in fiscal 1985 results over the prior year and continued strength in its new year.

The impressive growth at Wellcome in the fiscal year ended Aug. 31, 1985 —24.5% growth in sales and 36.7% increase in profit—is attributed in part to the inclusion of Coopers Animal Health, purchased in October, 1985, and favorable exchange rates which added 6% to sales and 11% to profits before taxes.

For the first six months of fiscal 1986 ended March 1, sales rose to $711.6 million, up 20.9% from $589 million in the 1985 period, and profit after taxation was $42.2 million, up 11.9% from $37.7 million. The prior year figures are based on an average exchange rate of $1.16 while the current year exchange was $1.43 to the pound.

Wellcome, which generates about 45% of its sales in the U.S. (90% comes from outside the U.K.), is adversely affected by such a currency shift in favor of the pound because it takes more dollars to make a pound.

Wellcome Foundation, founded in England in 1880 by two American pharmacists, Silas Burroughs and Henry Wellcome, established Burroughs Wellcome in New York in 1906, whose operations were moved to Research Triangle Park and Greenville, N.C., in 1970.

Burroughs Wellcome's measured advertising increased 41% in 1985 to $23 million, virtually all backing two products—Actifed and Sudafed. Both products were the only two at Wellcome to attract advertising in major media in 1984, according to Leading National Advertisers, which monitors seven media.

Actifed cold tablets and capsules received $15 million in measured spending in 1985, up 34% from 1984. Virtually all spending was in network tv. The company launched immediate release capsules and 12-hour capsules as line extensions in 1985-86.

Advertising for Sudafed cold remedy in liquid and tablet form was up 49%, to $7.8 million, virtually all in network tv.

Actifed and Sudafed shared the No. 1 spot in the U.S. antihistamine/decongestant category in the winter season of 1985-86 based on combined unit sales in food and drug outlets.

Estimates by ADVERTISING AGE and market research company, Charles Kline & Co., Fairfield, N.J., gave the two products a combined 19% share based on Actifed's 10% and Sudafed's 9% share in the cold-remedy market. Brand leader at a 12% share was Nyquil by Richardson-Vick's. SmithKline's Contac and Schering-Plough's Drixoral are tied for No. 4 each with an 8% share. The company also markets and produces Neosporin, which got $42,200 in 1985 spending.

The company's new anti-AIDS drug, azidothymidine, or AZT, was assigned to Rolf Werner Rosenthal Inc., already one of its agencies. The agency work will be directed at primary care physicians. AZT is an antiviral agent that is expected to be the first drug of its kind to be marketed in this country.

Wellcome also is advertising Zovirax, a medication for genital herpes. The products did not show up on the major media monitored by LNA in 1985, however. Rolf Werner Rosenthal is handling the professional ad campaign, and Rumrill-Hoyt is conducting a consumer ad campaign for the product which is not mentioned by name. Consumers are told to ask their doctor about the product.

AZT has received much attention after testing indicated health improvements and prolonged lives among patients with AIDS and related disorders.

The drug, being developed at Burroughs Wellcome Co. subsidiary in Research Triangle Park, N.C., is billed as a palliative, or a treatment that may ease symptoms and suffering but stops short of cure. To date, AIDS has struck 24,859 people in the U.S., with 13,689 deaths recorded.

The news of the breakthrough nature of AZT had such impact that Sen. Lowell Weicker, R-Conn., in mid-September got $47 million in funding for AIDS drug testing through the U.S. Senate after telling senators of his personal conviction that AZT extends survival.

Currently, Burroughs Wellcome is making the drug available to about 6,500 people believed to be suffering from the disease—those who have had one or more episodes (about 60% have) of pneumosystis corinii pneumonia and are not currently receiving systemic drug therapy for other conditions included in the definition of AIDS as established by the Centers for Disease Control.

Testing is being permitted under an Investigational New Drug (IND) exemption authorized by the Anti-Infectives division of the FDA.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$271	$4
Bus. pubs.	0	5
Network tv	22,236	16,254
Spot tv	80	141
Network cable	455	0
Total measured	23,043	16,403
Unmeasured	27,000	19,221
Total	50,043	35,624

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Marketing Personnel

William M. Sullivan, chmn-president
Peter A. Reckert, vp-mktg
Clifford A. Parish Jr., adv & prod promo dir
Jerry Arnold, mktg dir

Advertising Agencies

Fones & Mann, New York—Alkeran, Cardilate, Cortisporin Ophthalmics, Flolan, Imuran, Leukeran, Marezine, Myleran, Neosporin Ophthalmics, Nix, Polysporin Ophthalmic, Polytrim, Purinethol, Thioguanine, Viroptie, Wellbutrin, Wellcovorin —Doug Wicker, vp-acct super.

Rolf Werner Rosenthal, New York—Actifed, AZT, Proloprim, Septra, Sudafed (Rx), Wellcome diagnostics, Zovirax, Zyloprim—Howard Reiss, vp-acct group super; Rob Plucinski, vp-acct super; Arlene Adoff, acct exec.

Rumrill-Hoyt, New York—consumer promo-Actifed (otc), neosporin (otc), polysporin (otc), sudafed (otc)—herb Warden, exec vp-mgmt super; Jim Scanlon, vp-mgmt super; Walker Lewis, acct super; Doug Heimbigner, John Edwards, acct execs.

Sieber & McIntyre, Chicago—Anectine, Cortisporin (Rx), Digibind, Lanoxin, Lanoxicaps, Neosporin (Rx), Polysporin (Rx), Tracrium, Wellferon—Ken March, exec vp-mkt planning & devel; Dave Callahan, acct super.

Whirlpool Corp.

RANK **135**

Benton Harbor, Mich.

($ in millions)

Worldwide	1985	1984	% chg
Sales	3,474	3,137	10.7
Net income	182	190	(3.8)
U.S. advertising	62	61	0.6

Division sales	1985	1984	% chg
Laundry appliance	1,301	1,137	14.4
Retrig., air cond.	1,228	1,159	6.0
Home appliances	691	582	18.7
Other prods.	255	260	(1.9)

Whirlpool Corporation, which lays claim to being one of the nation's largest makers of washing machines and clothes dryers, wants to make life easier for still more people next year. Its chairman and ceo, Jack D. Sparks, expects 3% to 4% growth in 1987 in what he calls core appliance sales: laundry equipment, refrigerators, freezers, dishwashers, ranges and trash compactors. In 1985, net sales for all Whirlpool lines were up more than 10%.

With the purchase of two makers of kitchen cabinets, Whirlpool is in a position to supply almost everything needed for a home kitchen. In late 1985 and early this year, Whirlpool bought, for undisclosed sums, St. Charles Manufacturing Co., St. Charles, Ill., and Mastercraft Industries Corp., Denver, two makers of quality kitchen cabinets. Between them, the two companies had 1985 sales of about $75 million.

Whirlpool also added to its stable the KitchenAid, Inc. for about $150 million from Dart & Kraft. Competitors White Consolidated and Magic Chef held this up for more than a year, claiming the transaction would violate antitrust laws. Whirlpool headed this off by selling to Emerson Electric Co. the KitchenAid dishwasher and trash compactor manufacturing facilities.

Whirlpool also made moves into markets abroad. It bought a majority interest in Fiat's wholly-owned subsidiary, Aspera, S.p.A., Turin, Italy. Aspera makes compressors for kitchen appliances and air conditioning products.

It also acquired a more than 50% interest in Toronto-based Inglis Ltd., an appliance maker and marketer with 1985 net sales of $263 million.

A Whirlpool spokesman reports the company is considering a joint venture with N.V. Philips, one of the world's largest appliance manufacturers. He says linking up in some way with the Netherlands-based Philips could expand Whirlpool's entry into foreign markets.

Whirlpool is entrenched in the domestic market, to a large extent because of its relationship with the nation's chief retailer, Sears, Roebuck & Co. Whirlpool reports about 40% of its consolidated net sales in 1985 were to Sears. The company has been Sears' principal supplier of home laundry appliances for more than 65 years and of home refrigerators and freezers for more than 55 years. Sears markets the Whirlpool products under its Kenmore label.

Appliance magazine in 1985 gathered data from manufacturers, marketing analysts, trade sources and its own estimates to determine market share in the business, and Whirlpool scores very high.

According to *Appliance*, Whirlpool dominates compactor sales with a 65% share, far ahead of General Electric with 18%. Whirlpool is second to GE/Hotpoint in refrigerator sales, missing by only one percentage point, 29% to 28%. GE also commands the bulk of the dishwasher business with 38%, compared with Whirlpool's 20%. Whirlpool, at 15%, is second again to GE in electric range sales (GE's share is 29%).

But Whirlpool dominates in shares of other products. *Appliance* estimates it has fully half the market for washing machines, more than 50% for electric and gas clothes dryers and 37% for freezers.

To keep itself entrenched in the public consciousness, Whirlpool plans to have spent $230 million in advertising and promotion in the four years ending in 1988, double what it spent in the four previous years.

The 11-monitored media survey for 1985 shows Whirlpool spent some $41.7 million on advertising, the largest chunk of that, $14.5 million, on network tv. This contrasts with 11-media spending of $41.4 million in 1984, $16.3 million of that on network tv.

The BAR/LNA seven-media total estimate for 1985 is $39.4 million, up 30% from $30.2 million in 1984. Of the 1985 figure, the most, $6.5 million, was spent on major appliances. This is down from the $8.5 million spent in the same category the year before. LNA does not include spot radio, newspaper, farm and business press—media monitored separately for this issue.

Meanwhile, Whirlpool's second-quarter figures suggest the future holds promise. It reports $1.1 billion in consolidated net sales for the quarter, up 11.2% from 1985. The net sales of the new companies, Mastercraft and St. Charles, accounted for $114.7 million of the net sales figure.

Net sales for the first six months of 1986, at $1.95 billion, increased 10.7% over the same period a year earlier. Net earnings in the second quarter were up 7.1%; for the first six months, up 15.7%.

Much of the future depends on the housing market, relatively active as mortgage rates plummet. Moody's comments that the near term is favorable and higher spending for advertising and promotion for Whirlpool brand products will translate into higher sales.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$11,982	$11,288
Newspaper	1,750	2,569
Newsp. supps.	0	397
Bus. pubs.	536	710
Network tv	14,477	16,336
Spot tv	2,317	1,913
Network radio	6,605	2,477
Spot radio	2	1,789
Network cable	306	305
Outdoor	3,720	3,648
Total measured	41,695	41,433
Unmeasured	20,000	19,874
Total	61,695	61,307

WHIRLPOOL CORPORATION
Benton Harbor, Mich. 49022
(616) 926-5000

Marketing Personnel

David R. Whitman, vice chmn-cmo
H.W. Bowman, vp-Whirlpool sales
B. David Allen, div vp-mktg comm
Herbert A. Rose, natl adv mgr

Advertising Agencies

N W Ayer, New York—KitchenAid—Laura Donnelly, vp-acct super; Mark Bollman, sr vp-mgmt super; David Gantman, exec vp-exec acct dir, Shelly Rosenfeld, acct exec; Rees Behrendt, vp-creative super; Frank Campana, art dir; Louis Donato, Walter Burek, sr vps-group creative dirs; Ted Regan, exec vp-assoc creative dir.

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—washers, dryers, refrigerators, dishwashers, conventional cooking prods (ranges, ovens), microwave ovens, vacuum cleaners, corporate adv—R.P. Monley, exec vp-mgmt super; Ken L. Brandt, vp-acct super; L. Seagram, J. Ryckman, acct execs; R. Kipple, asst acct exec; S. Kopcha, exec vp-exec creative dir; G. Howell, vp-group creative dir.

The Netedu Co., Benton Harbor, Mich.—sales promo, prod literature, contests—Mike Kosinski, vp-acct super; Bill Sherrington, Cyndi Marquardt, Shari Hansel, acct execs.

F.W. Woolworth Co.

RANK **125**

New York

($ in millions)

Worldwide	1985	1984	% chg
Sales	5,958	5,737	3.9
Net income	177	141	25.5

U.S.	1985	1984	% chg
Sales	3,648	3,468	5.2
Operating profits	409	354	15.5
Advertising	65	55	17.0

Division sales	1985	1984	% chg
Gen. merch.	3,932	3,901	0.8
Specialty	1,966	1,836	7.1

F.W. Woolworth & Co.'s greater emphasis on specialty stores—Kinney Shoe Corp., Foot Locker, Lady Foot Locker, Susie's, Anderson-Little and Richman among others—its incorporation of fast food outlets in its stores and major remodeling of general merchandise stores is paying off on the bottom line, producing a record-breaking year in 1985.

That performance continued into the first half of 1986, with sales of $2.88 billion, up 9.3%, and net income of $48 million, up to 45%, up over the corresponding period in 1985.

No major shift in emphasis is expected with the naming of Harold E. Sells as chairman-chief executive officer, and Frederick E. Hennig as president, Woolworth. Both men have been with the company since the 1940s. Mr. Sells was president-chief executive officer and Mr. Hennig was senior vice president of worldwide merchandising operations.

Signicifant changes in 1985 included the completed phase-out of J. Brannam discount outlets and the phase-in of more Burger King fast food restaurants in selected Woolworth stores with Woolworth serving as the franchisee. The company says it plans to have Burger King franchises in 50 stores by the end of the decade.

Woolworth in 1985 moved into new specialty store areas with its Herald Square stationery stores and Afterthoughts boutiques, selling costume jewelry, leather goods and handbag stores, but it put on hold its planned introduction of Datastop computer software stores. There were 20 Afterthoughts boutiques and two Herald

Square stores by year's end.

Sales from specialty stores have risen from $1.42 billion in 1982 to $1.98 billion in 1985, a 40% increase, while operating income has more than doubled, to $206 million in 1985—a figure that passes general merchandise operating income for the first time ever. In 1985, specialty stores produced 33% of total sales and over 50% of operating income.

Sales in 1985 from foreign operations rose 1.8% to $2.3 billion, with net income up 5.9%, to $126 million.

Woolworth closed down its 37 J. Brannam off-price stores by yearend. The company lost $9 million in 1984 from the off-price units which marketed brand names. It did not report its loss in 1985. Woolworth is not disenchanted with the off-price concept. Its Kids Mart off-price division of Little Folks subsidiary added 52 stores in 1985, bringing its total to 196 at yearend. Kids Mart also expanded from five states into Texas during the year, and planned expansion this year into Utah and New Mexico.

Total expenditures for measured advertising in 11 media increased to 17%, to $24.5 million in 1985. Receiving the bulk of ad spending were the Foot Locker, Kinney and Anderson-Little chains. Foot Locker spending in seven measured media in 1985 was $4.8 million, up 20% from 1984. Kinney spending was $12 million, up 33%, and broken down into $5 million spot tv, $4.4 million newspaper supplements, $2 million network tv, $1.6 million magazines and $300,000 cable.

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$760	$2,452
Newsp. supps.	4,422	0
Network tv	2,036	143
Spot tv	9,942	12,950
Network radio	132	0
Spot radio	6,194	5,207
Network cable	931	225
Outdoor	126	0
Total measured	24,543	20,978
Unmeasured	40,000	34,189
Total	64,543	55,167

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Corporate Personnel
Frederick E. Hennig, chmn-ceo
Harold E. Sells, president-coo
C. Jackson Gray, vp-corp planning & devel
Joseph F. Carroll, vp-public affairs
U.S. WOOLWORTH
New York
Corporate Personnel
Robert L. Jennings, president-ceo
Charles H. Hullhorst, sr exec vp-coo
Marketing Personnel
Gary Fuller, vp-adv
Advertising Agency
Sawdon & Bess, New York—John Hilz, Barbara Gadinis, acct execs.
KINNEY SHOE CORP.
New York
Marketing Personnel
Cameron I. Anderson, president
J.K. Aneser, vp-mktg comm
Mark Kurtz, adv dir
Mary Anne Vukovich, adv dir
Marian Costello, sr adv mgr
Sherri Cannuli-Bender, sr adv mgr
Edward Pettersen, sr adv mgr
Vivian Barone, adv mgr
Advertising Agency
Sawdon & Bess, New York—Paul Jarvie, acct exec.
RICHMAN BROTHERS CO.
Fall River, Mass.
Marketing Personnel
William H. Gaudreau, president-ceo
A. Carosella, vp-sales
Advertising Agency
Harold Cabot & Co., Boston—Joan Ojala, acct exec.
ANDERSON-LITTLE CO.
Fall River, Mass.
Marketing Personnel
William H. Gaudreau, president-ceo
A. Carosella, vp-sales
Advertising Agency
Harold Cabot & Co., Boston—Mark Grace, acct exec.

RANK
120

Zale Corp.

Irving, Tex.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,107	1,054	5.0
Net income	(61)	39	(257.5)
U.S.	**1986**	**1985**	**% chg**
Sales	1,014	967	4.9
Advertising	66	32	106.5
Division sales	**1986**	**1985**	**% chg**
Zale Jewelers	486	460	5.7
Bailey Banks & Biddle	317	326	(2.8)
Diamond Park	77	61	26.2
Aeroplex	60	51	17.6
Christ Jewelers	53	45	17.8
Showrooms	45	47	(4.3)
Zale/U.K.	40	33	21.2

Zale Corp., 63-year-old parent company of Zale Jewelers and the largest corporation in the $9 billion jewelry market, is undergoing a major restructuring designed to intensify the company's focus on domestic jewelry retailing. The strategy involves a re-evaluation of inventory and certain other assets to reflect current market conditions.

The restructuring plan includes the disposition of the Aeroplex and O.G. Wilson Showroom divisions (two underperforming nonjewelry retail divisions); the relinquishing of retail operations in Western Europe and the U.K., and the elimination of obsolete, slow-turning items from inventories of domestic jewelry retail divisions.

During fiscal 1986, ended March 31, the 5% increase in sales was not matched by earnings. Zale suffered a $61.1 million loss. An $84.6 million writedown was recorded mostly from the disposition of dated merchandise and losses on disposal of the airport newsstand, catalog showroom and international retail businesses, according to Zale officials.

First-quarter revenues for fiscal 1987 were $253.8 million, an increase of 15.3% over the year-earlier quarter. Earnings for the three months ended June 30, 1986, were $1 million, compared with a loss of $2.4 million the year earlier. During the quarter, Moody's lowered the rating on Zale's senior debt, citing Zale's "poor record . . . and the intense competitive conditions that will keep Zale's returns from recovering to satisfactory levels."

Arthur Lichtendorf, E.F. Hutton retail analyst, says Zale's financial troubles also relate to its large number of stores in the depressed energy belt and extreme competitiveness in the industry, and he does not see immediate improvement: "The Christmas season, as far as you can guess, looks average. The economy isn't that strong. I don't think the jewelry business is that strong, either."

Also included in the restructuring program are the following:

- Repositioning Zale from a manufacturing-driven to a marketing-driven company, making it more attuned to the modern consumer with an increased focus on differentiating itself in the marketplace.
- Repositioning Zale's executive management style from the traditional entrepreneurial model to that of a corporate team.
- Repositioning the Zale retail division as a retailer of fashionable gold, colored stone and pearl jewelry and not strictly a retailer of bridal diamond jewelry.
- Repositioning the Fine Jewelers Guild into a cohesive centralized divison under the name of the guild's flagship store, Bailey Banks & Biddle.

Analyst, Mr. Lichtendorf, says it's too early to tell whether the restructuring plans and the divestitures made this year is working for Zale. "Zale's is trying to be more fashion-oriented to compete with the department stores. Department stores have been doing fairly well in the jewelry business—Zale is on the right track."

Zale Corp.'s promotional budget for fiscal 1986 was $65 million. Advertising expenditures make up about 50% to 60% of the promotional budget, according to Michael Barlerin, Zale senior vp-director of corporate marketing. Zale spent $64 million in fiscal 1985 and $56.9 million in fiscal 1984.

Zale's measured advertising in calendar 1985 was $23.3 million, up 106% from $11.3 million in 1984, according to the 11 media indexes reported in this issue. Unmeasured advertising, including in-store promotions and other collateral, signage, all direct mail and production, brings the total to $65 million.

Most of the ad support—$17.3 million, up from $10.6 million in 1984—backed Zale Jewelers, with 51% of that going to network tv and 23% each to spot tv and network radio. About the same media mix and percentages were reported in 1984.

Included in the restructuring program was creation of a corporate marketing department, which became operational April 1, 1986. The department reflects Zale's previously stated commitment to become marketing driven, Mr. Barlerin says. The department provides research and market development capabilities to direct the company's market research and to monitor emerging trends in the retail industry.

During fiscal 1986, Zale made some organizational changes in its domestic jewelry operations. The Fine Jewelers Guild, the carriage trade stores division, operated under 37 trade names, but to strengthen the marketing capabilities, Zale officials renamed the division Bailey Banks & Biddle, the strongest trade name in the division. The change gives a more centralized approach to merchandising programs.

The BB&B division carries an assortment of fashionable, better quality merchandise principally in the higher price range ($250 to $1,000 per item). Division sales in 1986 were $317.5 million, down 2.7% from 1985. Eleven new stores were added and 23 locations were closed. At yearend there were 309 member stores in 36 states and Guam. Bozell, Jacobs, Kenyon & Eckhardt/Southwest, Dallas, handles.

Diamond Park Fine Jewelers operates leased units in department stores under that name. The units carry merchandise priced between $50 and $250. Diamond Park had sales of $77.5 million, up 26.5% from 1985. In a strong growth year, the division added 66 leased fine jewelry department locations and discontinued operations in three locations. A total of 215 were in operation at yearend.

The flagship Zale Jewelry division, primarily operated under the Zale Jewelers name, generated sales of $457 million in the year, up 4.9%. Zale carries a broad selection of basic and fashion jewelry merchandise in the medium price range of $75 to $450.

The Zale division also operates stores under the Mission Jewelers logo. These stores carry merchandise primarily priced at $50 to $200 per item. Combined sales for Zale and Mission were $486.1 million, up 5.6% from 1985. The division (including Mission), added 36 new stores and closed 18 units during fiscal 1986. At yearend there were 817 stores in 48 states and Puerto Rico.

Credit was offered for the first time in Mission stores to make them more competitive. The Bloom Agency, Dallas, handles Zale Jewelers. Saunders, Lubinski & White, Dallas, is the agency for Mission Jewelers.

Zale Jewelers strengthened its repositioning strategy in December, 1985, with a $12 million Christmas campaign to establish the stores as full-line jewelry retailers instead of "the diamond store."

In May, 1986, Zale Corp. sold its Aeroplex stores, which operated newsstands and gift shops in airport terminals and major hotels, to Greyhound Corp. The stores posted sales of $59.6 million, up 17.5%. The Catalog Showroom division, operating under the O.G. Wilson name, was sold for $45 million to By Land and Sea Distributors, a group of former division managers. The division had 1986 revenues of $44.6 million, down 5.6%.

Zale Jewellers Ltd., which has stores in the U.K. under nine trade names and reported sales of $39.8 million, was sold to Combined English Stores Group for $45 million. Zale Corp. rebuffed Peoples Jewellers Ltd. of Canada, a 300-store chain, when it made several attempts at a takeover during 1986. Zale's board rejected the latest proposal of $484 million in June. Zale execs think it's doubtful the offer can be sweetened sufficiently. But Irving Gerstein, head of Peoples, says he's not about to give up. Thus far, the Zale and Lipshy families have presented a united front. The combined families control approximately 33.4% of the stock.

Texas law requires 66.7% of a company's shareholders to consent to a merger. Peoples is the largest single shareholder with 15%, but a 1981 standstill agreement prevents it from accumulating more than 21% without Zale board approval.

Mr. Lichtendorf, the E.F. Hutton analyst, says "although the Peoples officials say they're not going to go away, it looks as though Zale has beaten them off for the moment. If Peoples makes an offer of $45 or better in cash, then I would say 'take the money.'"

ADVERTISING EXPENDITURES

($ in thousands)	1985	1984
Magazine	$1,350	$870
Newsp. supps.	17	28
Network tv	8,853	4,420
Spot tv	3,947	3,755
Network radio	3,913	2,210
Spot radio	5,130	0
Network cable	90	0
Total measured	23,300	11,282
Unmeasured	42,000	20,338
Total	65,300	31,620

ZALE CORP.
901 W. Walnut Hill Lane
Irving, Tex. 75038-1003
(214) 580-4000
Corporate Personnel
Donald Zale, chmn-ceo
Bruce Lipshy, president-coo
Marketing Personnel
Michael Barlerin, sr vp-dir corp mktg
Sharon Brown, corp dir, direct response mktg
Pat Wehner, corp vp-mkt rsch
Loyd Zisk, dir mktg devel
ZALE JEWELERS
Irving, Tex.
Marketing Personnel
Kenneth Cort, chmn-ceo
Melvin Wilmore, president-coo
Steve Tvert, sr vp-dir sales promo & mktg
Becky Higgins, vp-dir adv
BAILEY BANKS & BIDDLE JEWELERS
Irving, Tex.
Marketing Personnel
H.R. Lively, chmn-ceo
William Roberti, president-coo
Patti Rakolta, sr vp-adv & mktg
DIAMOND PARK JEWELERS
Dallas
Marketing Personnel
Edward Jaben, president
Gerald Fried, vp-sales promo & adv
Advertising Agencies

Bloom Agency, Dallas—Zale Jewelers—Bob Bloom, chmn-coo; Sherri Babcock, sr vp-mgmt super; Ian Fawn-Meade, sr vp-creative dir.

Bozell, Jacobs, Kenyon & Eckhardt, Dallas—Bailey Banks & Biddle Jewelers—Patsy Tryon, sr vp-group acct dir; Ron Spataro, sr vp-creative dir; Lynn Christopher, vp-group media dir.

Ogilvy & Mather Direct, Chicago—direct response mktg—Tom Collinger, genl mgr; Rena Roberts, mgr-client services.

Saunders, Lubiuski & White, Dallas—Mission Jewelers—Bill Saunders, chmn-creative dir; Steve Morelock, president; Bob Cook, exec vp-mgmt super.

Coming

Next week ADVERTISING AGE's Special Report will focus on **Magazines.**

Leaders' spending % all advertisers by media

	100 leading national advertisers					Second 100 leading national advertisers					All advertisers		
	Advertising expenditures		%	$ as % U.S. measured spending by all advertisers		Advertising expenditures		%	$ as % U.S. measured spending by all advertisers		U.S. measured advertising expenditures		%
Media	1985	1984	chng	1985	1984	1985	1984	chng	1985	1984	1985	1984	chng
Newspaper	$978	$981	(0.2)	27.0	29.4	$303	$220	37.5	8.3	6.6	$3,629	$3,335	8.8
Magazine	2,379	2,235	6.4	48.3	47.9	449	427	5.2	9.1	9.1	4,928	4,669	5.6
Newsp. supplements	156	146	6.8	38.9	41.1	87	47	81.4	21.7	13.5	401	356	12.8
Network tv	6,336	6,505	(2.6)	76.2	76.0	896	856	4.7	10.8	10.0	8,313	8,555	(2.8)
Spot tv	3,073	2,805	9.5	43.6	44.1	950	905	5.0	13.5	14.2	7,044	6,363	10.7
Network radio	272	154	77.3	61.4	56.8	47	43	9.6	10.6	15.8	443	270	64.0
Spot radio	564	498	13.3	39.1	37.3	198	124	59.4	13.7	9.3	1,440	1,333	8.0
Network cable	290	184	58.0	60.6	69.8	44	20	124.9	9.3	7.5	479	263	82.0
Outdoor	309	278	11.2	45.1	46.5	43	33	32.4	6.3	5.4	685	597	14.7
Farm publications	43	42	2.2	23.6	21.8	13	11	16.1	7.2	5.8	181	192	(5.9)
Total measured	14,400	13,827	4.4	52.9	53.8	3,076	2,719	13.2	11.2	10.5	27,544	25,934	6.2

NOTE: Dollars in millions. Sources: Newspaper from Media Records; magazine and newspaper supplement from Leading National Advertisers as supplied by Publishers Information Bureau; network tv, spot tv, network radio and network cable from LNA as supplied by Broadcast Advertisers Reports; spot radio from Radio Advertising Bureau; outdoor from LNA as supplied by Institute of Outdoor Advertising and Outdoor Advertising Assn. of America, and farm publications from Agricultural Marketing Information Services (AGRICOM). Business publication spending—from Rome Reports—is not included in this chart because total spending for all advertisers was not available at press time. Business publication expenditures by the 100 leading national advertisers were up 36.2% to $174 million in 1985 from $127 million in 1984. Business publication spending by the second 100 leading national advertisers was $48 million in 1985 and $32 million in 1984, up 48.5%. ADVERTISING AGE published a directory of the 100 leading national advertisers Sept. 4, 1986.

For sale

Denationalization sparks ad budgets

By CLAIRE WILSON
and LAUREL WENTZ

The "denationalization" trend that is sweeping foreign markets is proving to be a big plus for the advertising industry.

Cash-strapped governments from Tokyo to Bonn are selling airlines, utilities, insurance companies and other marketers to the private sector. When they do, advertising industries are getting a one-time shot in the arm, followed by the promise of bigger ad budgets.

The most impressive changes are taking place in France and the U.K., where the denationalization trend is furthest along.

In France, the first major companies to go private are Assurances Generale de France, Parisbas Insurance and glass manufacturer St. Gobain. In the past two months, the three have pumped $25 million into agency coffers.

In some cases, the suddenly inflated ad budgets represent a one-shot corporate campaign designed to dust off the old image of a state-run monster and attract aggressive investors.

But as the French market gets

(Continued on Page 70)

The roof of the Sydney Opera House lifts off in a salute to British Airways in a tv spot heralding the carrier's denationalization.

World News Roundup

(Continued from Page 3)

panies with South African interests (AA, Oct. 20), added Ogilvy & Mather and Foote, Cone & Belding to its list of companies to review. A vote is expected next month.

Sao Paulo—Foote, Cone & Belding is talking to No. 7-ranked Dennison Propaganda SA and two unnamed agencies about buying equity. FCB now owns 60% of No. 21 FCB/Siboney Publicidade.

Madrid—The Agricultural Ministry launched a $1.9 million generic ad campaign to promote Spanish food, via local shop Contrapunto, in an attempt to lower the impact of the increased presence of European food products, following Spain's entry into the EEC.

Rio de Janeiro—Coca-Cola Co. is negotiating to sell two bottling and distribution operations here for an estimated $60 million. Three groups are bidding, including a consortium of Coke bottlers.

Ottawa—The Assn. of Canadian Distillers asked the government here to allow spirit ads on tv and radio. Wine and beer advertising are allowed in all media, but spirits are restricted to print only.

Madrid—Psychology Today launched its first Spanish-language edition, *Psychology Today Espanol*, through a licensing agreement with a local publishing group. Delvico/Bates handles.

Tokyo—British Caledonian Airways appointed FCB (Japan) Co. for its new Japanese account. Budget will not be determined until the two countries decide when the airline will start service.

Agency mergers, acquisitions and affiliations: Lowe Howard-Spink & Bell, London, bought the **Wight Co.**, a specialized U.K. sports sponsorship agency, for $1.8 million. . .**Leveille Benton & Bowles** and **Publicite Vickers & Benson**, both Montreal, will merge next month, giving the new agency, Leveille Vickers & Benson, combined billings of more than $32.4 million. . .**Mojo MDA**, Sydney, signed Union 45, Kuala Lumpur, as an affiliate.

Martin Sorrell goes 'below the line'

Saatchi's spinoff makes U.S. move

By LAUREL WENTZ

LONDON—WPP Group, a U.K. holding company that is rapidly becoming the Saatchi & Saatchi of below-the-line marketing, has started its move into the U.S.

With the $24 million acquisition of Pace Communications, a New York company specializing in real estate advertising and communications (AA, Oct. 27), WPP has acquired "a toe in the water in the United States," said Richard Dale, an advertising industry analyst at stockbroker James Capel here.

Pace is the 10th acquisition in as many months for WPP, which has grown since June, 1985, from a manufacturer of wire shopping baskets with a market capitalization of $2.2 million, to a $92 million group of design, sales promotion and incentive and motivation companies in the U.K.

WPP's prime mover is Martin Sorrell, the 41-year-old Harvard MBA who invented the Saatchi group's creative approach to financing acquisitions while serving as group finance director. In the U.K., Mr. Sorrell's name is synonymous with financial savvy, and many have wondered aloud whether he would have approved Saatchi's troublesome acquisition of Ted Bates Worldwide.

M. Sorrell

When Mr. Sorrell decided last year to strike out on his own after eight years with Saatchi, he and his friend, Preston Rabl, 38, a partner at London stockbroker Henderson Crosthwaite & Co., looked for a small company that had a full quotation on the London Stock Exchange and was profitable regardless of what products it made.

They found Wire & Plastics Products, which made a $450,000 pretax profit in 1984. They invested $375,000 each to buy 27% of the company and use it as a base for expansion by acquisition. In November, 1985, the Saatchi & Saatchi holding company bought 10% of WPP for $1.6 million.

Messrs. Sorrell and Rabl's strategy—which they will now apply to the U.S. market—is to identify fragmented areas growing by more than 20% a year. They picked four: Design and graphics; sales promotion; employe motivation and incentive, and video facilities.

"These areas are all growing faster than media advertising and offer huge opportunities for growth by acquisition," said Mr. Rabl, WPP Group's executive director, also Mr. Sorrell's title. "We're looking at below-the-line services—we think they integrate very well."

Pace is a $31.7 million company in a market—real estate communications—worth $750 million and growing by as much as 35% a year.

WPP also is setting up a U.S. holding company called Rasor Inc., to spearhead U.S. expansion. Mr. Sorrell and WPP finance director Robert Lerwill will be on the board.

Mr. Rabl expects WPP to name a U.S. investment banker within a month as the sixth board member.

One of the three U.K. directors—Sorrell, Rabl or Lerwill—will go to the U.S. every week to keep an eye on business and look for new acquisitions among privately held U.S. companies, preferably in the four areas WPP has targeted.

Mr. Sorrell has brought to WPP the acquisition strategy he used at Saatchi of an initial payment with

(Continued on Page 70)

Advertising Age's international consumer products survey

Item	New York	London	Paris	Tokyo	Sydney	Hong Kong	Mexico City
Loaf of bread (1 lb.)	.96	.31	1.86	1.84	.45	.42	.29
Liter of pasteurized milk[1]	.79	.70	.72	1.38	.47	1.23	.28
Dozen eggs	1.29	1.76	2.33	1.92	1.20	1.06	.68
Peas (8-oz. can)	.53	.48	.38	1.40	.21	.42	.16
Filet mignon (1 lb.)	6.51	7.86	7.45	67.36	3.51	7.03	2.01
Frozen chicken (2 lbs.)	2.65	2.79	4.92	7.03	2.25	2.56	NA
Instant coffee (4-oz. jar)	3.59	2.71	8.79	5.51	2.49	2.14	1.41
Coca-Cola (1 liter)	1.40	.50	.99	1.47	.49	.54	.89
Bottle of gin (one-fifth gal.)	9.78	12.80	12.27	16.98	9.29	8.86	3.00
Bar of soap (bath size)	.94	.27	.43	1.42	.28	.32	.10
Pack of Marlboro (20 cigarets)	1.46	2.13	1.17	4.68	1.18	1.09	.80
Kodak color film (C-135, 36 exp.)	5.49	5.86	9.46	5.46	4.09	3.18	3.57
Compact car	11,900.00[2]	10,671.64[3]	9,745.27[4]	21,140.28[5]	9,148.42[6]	11,331.03[7]	9,349.96[7]
Initial meter charge in taxi	1.10	1.19	1.34	3.01	.63	.84	.95

[1] 1 liter equals 1.057 qts. [2] Honda Accord, four door, automatic transmission, air conditioning. [3] Honda Accord. [4] Fiat Ritmo. [5] Volkswagen Golf, four door. [6] Mazda 626 coupe turbo. [7] Volkswagen Golf GTI. Note: Prices as of July 1986, at mid-priced stores and calculated into U.S. dollars at July 25 exchange rates. Source: Business International, a consulting firm for multinational corporate clients.

Newspaper Advertising SAU Inches in the MRCS

August 1986 vs. August 1985

AKRON, OH

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Beacon Journal (E)	91,577	—	89,769	—
Beacon Journal (S)	76,102	—	65,134	—
Grand Total	167,679	—	154,903	—

NOTE Part run figures not available

ALLENTOWN, PA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Call (M)	149,294	—	—	—
Call (S)	102,790	—	—	—
Grand Total	252,084	—	—	—

NOTE Part run figures and 1985 figures not available

ATLANTA, GA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Constitution (M)	169,502	69,139	192,626	65,790
Journal (E)	164,203	69,572	182,120	60,561
Journal & Constitution (S)	147,313	84,341	123,988	61,731
Journal & Constitution (Sat)	52,980	—	47,531	—
Grand Total	533,998	223,052	546,265	188,082

NOTE Constitution Morning and Journal Evening published five days a week only

BALTIMORE, MD

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
News-American (S)	—	—	—	—
News-American (E)	—	—	—	—
Sun (M)	134,210	5,150	113,713	6,303
Sun (E)	102,517	5,145	88,921	6,303
Sun (S)	183,058	62,920	134,862	33,046
Grand Total	419,785	73,215	337,496	45,652

BERGEN COUNTY, NJ

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Record (E)	159,102	18,579	154,799	25,222
Record (S)	162,263	50,946	124,962	28,561
Grand Total	321,365	69,525	279,761	53,783

NOTE Record Evening published five days a week only

BOSTON, MA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Herald (M)	79,900	—	49,715	1,326
Herald (S)	21,564	42,225	15,711	26,546
Globe (M)	132,210	12,371	128,452	9,564
Globe (S)	201,466	36,269	159,294	30,076
Grand Total	435,140	90,865	353,172	67,512

BUFFALO, NY

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
News (AD)	115,704	2	114,642	18,286
News (S)	65,252	21,895	59,771	19,330
Grand Total	180,956	44,457	174,413	37,616

CAMDEN, NJ

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Courier-Post (E)	125,468	14,476	111,799	17,927
Courier-Post (S)	64,219	19,720	52,259	3,067
Grand Total	189,687	34,196	164,058	20,994

CHARLOTTE, NC

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
News (E)	—	—	74,148	—
Observer (M)	128,639	—	128,629	—
Observer (S)	80,449	—	62,389	—
Grand Total	209,088	—	265,166	—

NOTE News Evening ceased publication November 1, 1985. Part run figures not available

CHICAGO, IL

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Sun-Times (M)	135,873	77,058	131,986	93,412
Sun-Times (S)	62,936	44,558	45,859	46,557
*Tribune (M)	121,593	250,907	130,402	199,340
*Tribune (S)	105,293	85,598	108,438	80,385
Grand Total	425,695	458,121	416,685	419,694

NOTE Tribune figures supplied by publisher to Media Records. 1986 figures represent advertising for 8/4/86 to 8/31/86. Tribune All Day changed to Morning publication effective August 19, 1985

CINCINNATI, OH

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Enquirer (M)	167,489	6,740	158,704	9,632
Enquirer (S)	151,033	18,073	127,867	11,734
Post (E)	74,494	21,959	79,632	24,722
Grand Total	393,016	46,772	366,203	46,088

CLEVELAND, OH

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Plain Dealer (M)	134,092	29,173	131,765	28,693
Plain Dealer (S)	127,627	12,870	104,879	6,424
Grand Total	261,719	42,043	236,644	35,117

DALLAS, TX

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
News (M)	305,061	10,797	324,124	10,837
News (S)	184,869	17,037	172,242	7,949
Times-Herald (AD)	234,386	39,721	276,056	19,380
Times-Herald (S)	135,252	25,711	129,545	6,194
Grand Total	859,568	93,266	901,967	44,360

DENVER, CO

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Rocky Mt. News (M)	269,426	1,721	298,323	883
Rocky Mt. News (S)	104,413	897	90,866	2,857
Post (M)	189,743	13,302	189,404	2,573
Post (S)	131,753	3,842	112,678	1,659
Grand Total	693,712	19,762	691,271	7,972

DETROIT, MI

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Free Press (M)	100,421	48,293	95,688	35,393
Free Press (S)	68,204	19,927	39,713	31,667
News (AD)	155,036	38,916	148,988	35,729
News (S)	104,410	41,639	81,452	24,587
Grand Total	428,071	148,775	365,841	127,476

ESCONDIDO, CA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Times-Advocate (E)	100,319	2,299	—	—
Times-Advocate (S)	55,255	71	—	—
Grand Total	155,574	2,370	—	—

NOTE 1985 figures not available

FORT LAUDERDALE, FL

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
News & Sun-Sentinel (S)	115,922	—	99,587	—
Sun-Sentinel (M)	270,224	—	280,024	—
Grand Total	386,146	—	379,611	—

NOTE Part run figures not available. Morning figures include the Saturday Edition

FORT WAYNE, IN

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Journal Gazette (M)	70,166	—	73,615	—
Journal Gazette (S)	62,307	—	60,826	—
News Sentinel (E)	79,788	—	80,290	—
Grand Total	212,261	—	214,731	—

NOTE Part run figures not available

GREENWICH/STAMFORD, CT

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Time (E)	70,823	1,581	76,702	—
Time (S)	71,840	—	56,726	—
Advocate (E)	96,915	17,852	101,448	1,994
Advocate (S)	68,938	1,032	59,108	—
Grand Total	308,516	20,465	293,984	1,994

HARTFORD, CT

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Courant (M)	143,539	27,462	137,687	32,574
Courant (S)	85,923	148,939	72,283	129,840
Grand Total	229,462	176,401	209,970	162,414

HONOLULU, HI

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Advertiser (M)	123,064	—	132,455	—
Star-Bulletin (E)	115,249	—	123,087	—
Star-Bulletin & Advertiser (S)	86,974	—	71,627	—
Grand Total	325,287	—	327,169	—

HOUSTON, TX

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Chronicle (AD)	223,175	49,749	280,332	46,514
Chronicle (S)	131,727	49,747	119,325	39,012
Post (M)	150,584	32,491	177,817	43,391
Post (S)	81,541	30,537	64,786	32,169
Grand Total	587,027	162,524	642,260	161,086

LONG BEACH, CA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Press Telegram (M)	120,718	31,187	115,987	—
Press Telegram (S)	62,240	4,438	46,382	—
Grand Total	182,958	35,625	162,369	—

NOTE 1985 Part run figures not available

LONG ISLAND, NY

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Newsday (E)	138,016	99,845	186,344	48,508
Newsday (S)	100,272	122,388	94,755	70,064
Grand Total	238,288	222,233	261,099	118,572

LOS ANGELES, CA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Times (M)	291,664	274,388	308,961	312,504
Times (S)	181,933	108,889	156,415	94,451
Herald-Examiner (M)	61,026	9,933	75,578	12,711
Herald-Examiner (S)	15,477	9,968	12,179	5,492
Grand Total	550,100	403,178	553,133	425,158

LOS ANGELES/SAN FERNANDO VALLEY, CA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
News (M)	191,584	39,725	219,527	35,313
News (S)	100,991	1,296	84,231	2,841
Grand Total	292,575	41,021	303,758	38,154

*LOS ANGELES/TORRANCE, CA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Breeze (E & S)	222,570	—	212,265	—
Grand Total	222,570	—	212,265	—

NOTE Figures supplied by publisher to Media Records

*LOUISVILLE, KY

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Courier Journal (M)	93,177	42,410	102,564	57,051
Courier Journal (S)	72,877	87,374	63,714	68,639
Times (E)	87,218	70,855	101,940	61,816
Grand Total	253,272	200,639	268,218	187,506

NOTE Figures supplied by publisher to Media Records

*MEMPHIS, TN.

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Commercial Appeal (M)	133,567	109,898	125,332	91,439
Commercial Appeal (S)	109,047	7,724	83,110	7,207
Grand Total	242,614	117,622	208,442	98,646

NOTE Figures supplied by publisher to Media Records

MIAMI, FL

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Herald (M)	161,907	—	157,688	—
Herald (S)	97,245	—	86,554	—
News (E)	61,163	—	58,484	—
Grand Total	320,315	—	302,726	—

NOTE Part run figures not available

MINNEAPOLIS, MN

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Star & Tribune (AD)	108,181	19,512	104,446	23,087
Star & Tribune (S)	152,019	5,030	137,358	2,182
Star & Tribune (Sat)	29,580	—	24,948	—
Grand Total	289,780	24,542	266,752	25,269

*NASHVILLE, TN

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Banner (E)	109,344	—	119,356	—
Tennessean (M)	110,905	—	122,992	—
Tennessean (S)	99,383	—	80,343	—
Grand Total	319,632	—	322,691	—

NOTE Figures supplied by publisher to Media Records

NEW BRUNSWICK, NJ

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Home News (E)	88,189	2,684	91,566	4,096
Home News (S)	94,143	7,870	70,084	957
Grand Total	182,332	10,554	161,650	5,053

NEW YORK, NY

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Times (M)	135,411	14,631	134,311	16,072
Times (S)	189,684	102,334	162,557	82,490
News (M)	60,780	88,463	64,234	100,045
News (S)	38,638	100,068	32,382	72,445
Post (AD)	53,817	1,159	56,251	1,121
Grand Total	478,330	306,655	449,735	272,173

NEWARK, NJ

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Star Ledger (M)	204,084	5,405	206,941	5,208
Star Ledger (S)	207,488	30,243	154,679	28,342
Grand Total	411,572	35,648	361,620	33,550

OAKLAND, CA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Tribune (M)	84,527	80,050	94,772	62,659
Tribune (S)	36,763	54,202	46,022	37,612
Grand Total	121,290	134,252	140,794	100,271

OCEANSIDE, CA
SAN DIEGO COASTAL NORTH COUNTY

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Blade-Tribune (E)	101,020	4,448	95,844	4,313
Blade-Tribune (S)	60,570	1,913	41,907	—
Grand Total	161,590	6,361	137,751	4,313

NOTE Blade-Tribune Evening published five days a week only

ORANGE COUNTY, CA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Register (AD)	321,275	80,755	339,755	68,327
Register (S)	147,193	7,937	126,986	8,176
Grand Total	468,468	88,692	466,741	76,503

PHILADELPHIA, PA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Inquirer (M)	141,087	35,341	162,699	52,452
Inquirer (S)	137,124	61,332	121,619	41,170
News (E)	77,696	2,396	80,741	3,098
Grand Total	355,907	99,069	365,059	96,720

*PHOENIX, AZ

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Arizona Republic (M)	224,747	8,768	223,462	9,535
Arizona Republic (S)	141,351	—	138,071	—
Gazette (E)	216,154	8,972	215,472	9,757
Grand Total	582,252	17,740	577,005	19,292

NOTE Figures supplied by publisher to Media Records

*RIVERSIDE, CA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Press Enterprise (M & S)	272,446	17,010	272,748	14,991
Grand Total	272,446	17,010	272,748	14,991

NOTE Figures supplied by publisher to Media Records

*ST. LOUIS, MO

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Post Dispatch (M)	114,964	30,198	110,461	35,894
Post Dispatch (S)	146,314	383	109,459	—
Grand Total	261,278	30,581	219,420	35,894

NOTE Figures supplied by publisher to Media Records

ST. PAUL, MN

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Pioneer Press Dispatch (AD)	89,272	—	91,808	—
Pioneer Press Dispatch (S)	125,453	—	101,865	—
Grand Total	214,725	—	193,673	—

NOTE Part run figures not available

SAN ANTONIO, TX

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Express-News (AD)	117,152	46,184	146,641	28,857
Express-News (S)	88,149	38,656	81,085	26,618
Express-News (Sat)	44,221	—	49,011	—
Light (AD)	146,729	17,093	143,757	33,966
Light (S)	102,836	11,617	80,162	25,305
Light (Sat)	33,160	2,227	43,389	—
Grand Total	532,247	115,777	544,045	114,746

NOTE Express-News All Day and Light All Day published five days a week only

SAN DIEGO, CA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Union (M)	210,286	31,764	250,109	15,910
Union (S)	146,603	—	125,526	—
Tribune (E)	214,158	31,302	247,982	17,484
Grand Total	571,047	63,066	623,617	33,394

SAN FRANCISCO, CA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Chronicle (M)	124,124	77,691	136,225	78,108
Examiner & Chronicle (S)	81,483	58,275	68,752	42,819
Grand Total	205,607	135,966	204,977	120,927

SAN JOSE, CA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Mercury News (AD)	277,941	22,447	310,658	29,881
Mercury News (S)	173,679	844	146,754	—
Grand Total	451,620	23,291	457,412	29,881

SHREVEPORT, LA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Journal (E)	81,197	4,246	86,686	8,172
Times (M)	102,037	16,762	109,103	21,691
Times (S)	69,188	15,754	66,475	4,504
Grand Total	252,422	36,762	262,264	34,367

*STATE COLLEGE, PA

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Centre Times (E)	67,522	3,794	78,983	2,439
Centre Times (S)	43,439	380	31,363	694
Grand Total	110,961	4,174	110,346	3,133

NOTE Figures supplied by publisher to Media Records

SYRACUSE, NY

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Herald Journal (E)	75,130	40,545	91,240	27,695
Herald American (S)	59,040	62,306	42,574	48,090
Post-Standard (M)	75,665	37,693	81,699	30,062
Grand Total	209,835	140,544	215,513	105,847

*TAMPA, FL

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Tribune (AD&S)	272,876	83,218	309,220	109,696
Grand Total	272,876	83,218	309,220	109,696

NOTE Figures supplied by publisher to Media Records

*TOLEDO, OH

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Blade (E)	109,945	—	91,681	—
Blade (S)	103,357	—	88,352	—
Grand Total	213,302	—	180,033	—

NOTE Figures supplied by publisher to Media Records

WASHINGTON, DC

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Post (M)	246,412	34,646	249,148	39,539
Post (S)	170,207	47,393	146,064	23,599
Grand Total	416,619	82,039	395,212	63,138

WASHINGTON, DC SUBURBAN GROUP

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Alexandria Journal (M)	68,549	—	63,708	966
Prince George's Journal (M)	60,216	204	56,892	1,741
Montgomery Journal (M)	61,624	699	57,970	1,243
Fairfax Journal (M)	72,819	991	64,525	1,772
Arlington Journal (M)	70,867	48	63,591	881
Grand Total	334,075	1,942	306,686	6,603

NOTE Alexandria Journal Morning, Prince George's Journal Morning, Montgomery Journal Morning, Fairfax Journal Morning, and Arlington Journal Morning published five days a week only

WESTCHESTER ROCKLAND, NY

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Reporter Dispatch (E)	84,042	10,581	81,621	13,591
Reporter Dispatch (S)	97,929	22,919	69,133	17,438
Grand Total	181,971	33,500	150,754	31,029

WICHITA, KS

	1986 Full Run	1986 Part Run	1985 Full Run	1985 Part Run
Eagle-Beacon (M)	126,114	—	116,368	—
Eagle-Beacon (S)	84,532	—	76,553	—
Grand Total	210,646	—	192,921	—

NOTE Part run figures not available

Source: Media Records

This data has been provided by Media Records for exclusive publication in Advertising Age and may not be reprinted or published in any form without explicit permission from Media Records. All newspapers represented are subscribers to Media Records. For those newspapers that subscribe to Media Records National Advertising Reporting Service, Total Advertising data shown has been supplied by the publisher to Media Records and included in this compilation. All publisher supplied figures are converted to MRCS SAU inches by Media Records. These newspapers are indicated with an asterisk (*).

REPORTING METHODOLOGY

Media Records continues to measure in linage but due to the introduction of the SAU 6 column format Media Records has designed and developed a methodology with the approval of our subscribers, the INAME Measurements Committee, The ANPA/NAB Working Committee, The AAAA Newspaper Committee, and other industry groups.

The approved methodology is titled The Media Records Conversion System (MRCS) and is based upon the printed page area of each product of the newspaper and is a five step approach as follows:

1. Measure Printed Page
   Width and Depth in Inches
2. Determine Square Inches of Page
   Multiply Width by Depth Inches
3. Determine the Number of SAU Inches of Page
   Divide the Square Inches by 2.0625 (SAU Inches)
4. Measure the Total Lines of the Page
   Multiply Column Depth Agate Lines by the Number of Columns on the Page
5. Determine the Factor for Converting Measured Lines to Reported SAU Inches
   Divide the Total Lines of Page by the Number of MRCS SAU Inches of the Page

SAU* is the registered trademark of the American Newspaper Publishers Association

Best agency

Question: Which agency provides best service and products? Figure represents per cent of respondents naming agency. Asked of 300 advertising directors of companies with annual revenues of $25 million or more. ***Source: SRI Research Center. Lincoln, Neb.***

Agency	7/85-9/85	1/86-3/86	4/86-6/86	7/86-9/86
J. Walter Thompson Co.	6.0	6.7	7.3	9.3
Ogilvy & Mather Worldwide	6.7	6.0	7.0	7.7
Bozell, Jacobs, Kenyon & Eckhardt	2.3	1.7	1.7	6.0
Leo Burnett Co.	2.3	4.0	4.0	5.0
Young & Rubicam	4.0	2.6	3.0	4.0
BBDO International	3.3	4.3	5.3	3.7

First to mind

Question: Which agency first comes to mind? Figure represents per cent of respondents naming agency. Asked of 300 advertising directors of companies with annual revenues of $25 million or more. ***Source: SRI Research Center. Lincoln, Neb.***

Agency	7/85-9/85	1/86-3/86	4/86-6/86	7/86-9/86
J. Walter Thompson Co.	21.7	21.7	19.0	21.0
Ogilvy & Mather Worldwide	11.0	14.7	14.6	13.7
BBDO International	14.3	12.3	16.3	10.7
Bozell, Jacobs, Kenyon & Eckhardt	3.7	7.3	9.0	10.3
Leo Burnett Co.	5.7	7.3	3.3	6.3
Young & Rubicam	8.0	10.3	9.3	6.0

BJK&E

(Continued from Page 4)

Wayne Fickinger, the agency's vice-chairman, said the improvement stems largely from strength gained from the merger.

"The merger was a very purposeful move that has upgraded our ability to serve clients," Mr. Fickinger said.

BJK&E has been running an ad campaign that states "Being closer to the customer works. It works for our clients and it works for us." The ads tout the agency's 11 full-service and 18 client-service offices.

These offices allow BJK&E to provide quick and accurate service, Mr. Fickinger said. "We can serve national clients right down to the local level."

BJK&E ranked second among all agencies in quality of account executives in the third quarter; it was named by 4.6% of respondents as best in that attribute. That was an increase from 2.7% in the previous quarter and put BJK&E just behind JWT's 5.3%.

BJK&E also improved its score in marketing assistance—named best in that attribute by 4.4% of respondents, second only to O&M's 5.1%—and it was named best in research by 3.8% of respondents, second only to JWT's 6%.

BJK&E ranked third in questioning to determine the hottest agency.

It was named by 3% of the respondents, behind Saatchi & Saatchi Compton (5.7%) and Fallon McElligott (5%).

There were two new names in the hottest agency voting last quarter: San Francisco-based Hal Riney & Partners and the Dallas-based Richards Group tied for fourth in the category, each being named by 2.7% of respondents.

Chiat/Day, which had led the category until the first quarter this year, was named hottest agency by 1.7% of the ad directors surveyed, down from 5.7% the previous quarter. It ranked sixth in hottest agency mentions in the latest survey.

Other findings from the latest Agency Watch:

- Doyle Dane Bernbach Group (now DDB Needham Worldwide), BBDO International, and Young & Rubicam fell in awareness.

DDB, which lost its independent status in the merger that produced Omnicom Group, was named the first agency that comes to mind by 5% of respondents, down from 7.7% the previous quarter and from an Agency Watch high for DDB of 9.7% in the first quarter this year.

BBDO, one of the three agencies that formed Omnicom, was named the agency that first comes to mind by 10.7% of respondents, down from 16.3% the previous quarter.

Needham Harper Worldwide, the other third of Omnicom, had the same awareness score of 2% in each quarter this year.

Y&R's awareness score was 6% in the latest survey, down from 9.3% the previous quarter.

- There was a significant rise in the number of ad directors who cited "responsiveness to needs" as the reason they named a given agency best in providing over-all service and clients. Last quarter, 10% of the ad directors gave this reason, versus just 3% the previous quarter.
- Ad directors consider sales promotion the most valuable type of specialty advertising; 42% of the poll's respondents said it was very important in the latest survey, up from 32% the previous quarter. Retail (35% said it was very important), collateral (29%), black consumer (6%) and Hispanic advertising (6%) followed.

For additional information, contact Gary Gabelhouse, SRI Research Center Inc., 301 S. 68th St., Lincoln, Neb. 68505. Phone: 402-489-0351.

JWT, O&M ranked top two agencies

There seems to be little doubt among company advertising directors: J. Walter Thompson Co. and Ogilvy & Mather Worldwide are the nation's two best ad agencies.

That, at least, is what two years' worth of ADVERTISING AGE's Agency Watch survey shows.

Asked to name the best agencies in over-all service and quality of product, ad directors surveyed have ranked JWT and O&M first and second in each quarterly survey to date.

With the exception of the fourth quarter last year, Agency Watch has been conducted quarterly since October, 1984. JWT was named best over-all in five of those quarters and O&M in the other two.

The difference between the two agencies is statistically insignificant. In questioning of 2,096 ad directors in the two years, JWT was named best by 7.6% of those surveyed and O&M by 7.3%. Only five mentions separate the two agencies: JWT was named 159 times and O&M 154 times.

More than 41% of the respondents said they didn't know which the best agency was. Of those who *did* name a best agency, 25.5%—or one of every four—named either JWT or O&M.

The two agencies, moreover, rank first and second in five of the six specific attributes in which respondents were asked to name the best agency.

JWT led and O&M was second in account executives, top management, research, marketing and media. It was only in creativity that another agency broke the JWT-O&M hold. Chiat/Day was second to O&M in that attribute.

JWT is the clear leader in top-of-mind awareness. Asked to name which agency first comes to mind, 23.3% of the respondents named JWT, well ahead of the 13.4% who named O&M.

Here are the top three agencies in the various categories for the first two years of Agency Watch:

Best over-all agency: 1. JWT (named by 7.6% of respondents); 2. O&M (7.3%); 3. BBDO International (4.1%).

Agency that first comes to mind: 1. JWT (23.3%); 2. O&M (13.4%); 3. BBDO (12.9%).

Best at creativity: 1. O&M (6.7%); 2. Chiat/Day (5.6%); 3. JWT (5.4%).

Best account executives: 1. JWT (6.3%); 2. O&M (4.5%); 3. BBDO (3.4%).

Best top management: 1. JWT (6.8%); 2. O&M (6.1%); 3. BBDO (3.4%).

Best at research: 1. JWT (6.9%); 2. O&M (4.2%); 3. BBDO (2.6%).

Best at media: 1. JWT (6.9%); 2. O&M (3.3%); 3. BBDO (3%).

Best at marketing: 1. JWT (5.7%); 2. O&M (4.5%); 3. Leo Burnett Co. (2.6%).#—C.F.

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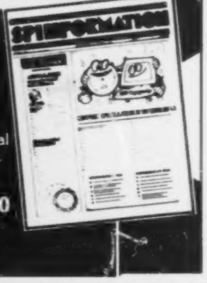

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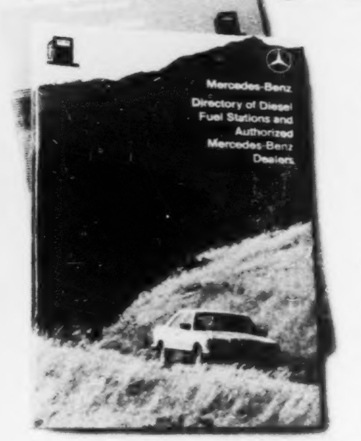
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